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13 JUNE 1990



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# ***JPRS Report***

## **East Europe**

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# East Europe

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## CONTENTS

13 JUNE 1990

### POLITICAL

#### ALBANIA

- Details on Political Purges in Hoxha Era [Belgrade BORBA 15 May] ..... 1

#### CZECHOSLOVAKIA

- Slovak CP Publishes Election Program [PRAVDA 10 May] ..... 2

#### HUNGARY

- Parliament: Parties Agree on Committees, House Rules ..... 5  
 Committee Framework Set [NEPSZABADSAG 25 Apr] ..... 5  
 Committee Composition, Leadership, Voting Method [NEPSZABADSAG 27 Apr] ..... 7  
 Agreement Signed, Defense Committee Expanded [NEPSZABADSAG 29 Apr] ..... 9

#### POLAND

- Weizsaecker Visit Assessed as Confidence-Building Measure [GAZETA WYBORCZA 2-3 May] .. 9  
 Solidarity Regional Leaders Profiled [POLITYKA 13 Mar] ..... 10  
 Polish Social Democratic Union: Membership, Program [POLITYKA 14 Apr] ..... 11  
 Profile of Political Parties Attractive to Youth [POLITYKA 31 Mar] ..... 12  
 New Voivodship Court Presidents Profiled [POLITYKA 7 Apr] ..... 14  
 Lodz Citizens Alliance: Competition for Solidarity's Citizens Committee [POLITYKA 28 Apr] .... 16

### ECONOMIC

#### CZECHOSLOVAKIA

- Capital Base Age, Modernization [STATISTIKA Mar] ..... 19  
 Italian Model Recommended for Enterprise Operations [HOSPODARSKE NOVINY 13 Apr] ..... 23  
 Cooperatives as Share Holding Companies Viewed [ZEMEDELSKE NOVINY 3 May] ..... 25  
 Agricultural Land Ownership Law Discussed [ZEMEDELSKE NOVINY 3 Apr] ..... 26

#### GERMAN DEMOCRATIC REPUBLIC

- Railways' Status, Future Surveyed [NEUE ZEIT 3 May] ..... 29

#### HUNGARY

- Presumptive Finance Minister Count Istvan Bethlen Interviewed ..... 31  
 Background, Qualifications [MAI NAP 5 Mar] ..... 31  
 Economic Problems, Solutions Discussed [HETI VILAGGASZDASAG 28 Apr] ..... 32  
 Tracking Borrowed Dollars: Uncertainties Abound [VILAG 1 Feb] ..... 34

#### POLAND

- Trade With Israel: Types of Goods, Investment Possibilities Viewed  
 [ZYCIE GOSPODARCZE 4 Mar] ..... 35  
 Outline of Criteria Needed for Viable Stock Market [ZYCIE GOSPODARCZE 18 Mar] ..... 36  
 Developments, Prospects of Stock Market Viewed [ZYCIE GOSPODARCZE 8 Apr] ..... 39  
 Drop in Production of Foodstuffs Noted [ZYCIE GOSPODARCZE 8 Apr] ..... 41

JPRS-EER-90-083  
13 JUNE 1990

2

**SOCIAL**

**POLAND**

Belorussian Minority: History Behind Estrangement From Solidarity  
[*TYGODNIK SOLIDARNOSC* 4 May] ..... 43

## ALBANIA

### Details on Political Purges in Hoxha Era

90BA0128A Belgrade BORBA in Serbo-Croatian  
15 May 90 p 8

[Article by Milos Antic: "All the Albanian Purges"]

[Text] Pristina—A few days ago, BORBA obtained a precise list of liquidated officials in the Albanian leadership from a refugee from Albania who is extremely well informed about what happened in Albania during the last 45 years, and even during the NOB [National Liberation Struggle]. Sporadic reports arrived in the past as well about the "suicides" or liquidation of "certain traitors to the Albanian people," but that was far from being a true picture of what was happening in the country.

The purges within the Albanian leadership began back during the war, and ended, perhaps, in 1981 or 1982. We say "possibly" because in recent days there has been uncertainty about the fate of Nexhmije, the wife of former Albanian dictator Enver Hoxha (who tried to "continue his work" after her husband's death), as well as the fate of her most zealous followers.

One should know, furthermore, that in Albania, during the rule of blackest Stalinism, the "traitor" officials were not the only ones to suffer; many ordinary people did as well. Our interlocutor, whose name we are not mentioning, with good reason, says that "just by scanning the press, i.e., what was publicly announced, he learned that just during the period from 1972 to 1975, 30,000 'bureaucrats' were eliminated, first politically and then physically."

### The Biggest Traitors

As far as purges within the leadership itself are concerned, they were conducted systematically. The first to fall victim were the "pro-Yugoslavs," followed by the "pro-Soviets," and finally the "pro-Chinese" high officials, who after their death received the obligatory label of the "biggest traitors" to the Albanian people.

In the struggle for power, Enver Hoxha began to liquidate his enemies back during the war. The first to fall victim in 1942 were the leaders of the Shkoder communist group, Niko Xoxe and Zef Mala. During the same year, the same fate befell the leadership of the "Zjeri" ("Fire") communist group: Andre Zisi, Aristide Cendro, and Hysni Lepenica. Just a year later, Sadik Premta, the organizational secretary of the "young people's" communist group, was liquidated, followed by its political secretary, Anastas Lulo, as well as organizational secretary Sadik Premta [sic]. Seh Karburna, a member of the Albanian DF [Albanian Democratic Front], also fell victim the same year.

The end of the war in 1945 was also the end of life for a large group of prominent veterans and leaders in Albania's NDP [Albanian National Democratic Party]. Six

prominent officials were liquidated then: Mustafa Jinisi, a member of the Albanian Communist Party's Central Committee, known for having negotiated concerning cooperation with Balli Kombetar representatives on behalf of the DF in 1942; Gjergj Kokos, member of the DR committee and a minister in the first socialist government; Riza Dani, a member of the Central Committee and the committee of Albania's DF; Shefqet Beja, a member of the DF leadership; Kol Tomara, a member of the DF committee, and also a prominent intellectual who had studied in Prague; and Bedri Osmani, Enver Hoxha's son-in-law.

In 1948, when Enver Hoxha "married" Stalin, well-known revolutionary Niko Spiru, also a member of the Politburo of the Albanian Communist Party's Central Committee, was liquidated. Naturally, as in many later explanations, it was officially announced that Spiru had committed suicide, but simply no one believed that, because it was known that it was not true.

The first "typhoon" in the Albanian leadership passed in 1949, when a large group of officials began to oppose in various ways the Stalinist nonsense of Enver Hoxha and his clique.

### Dzodze Liquidated First

The first on that list was Hoxha's main political "rival," Koco Xoxe, the organizational secretary of the Albanian Communist Party's Central Committee, a member of the Politburo, the first premier of the socialist government, the minister of internal affairs, and a lieutenant general. Immediately after him were liquidated Pandi Kristo, chairman of the Audit Commission and a member of the government, Vaske Koleci, assistant minister of internal affairs, Nuri Huti, a member of the Agitation and Propaganda Directorate of the Albanian Communist Party's Central Committee, Vangjel Mitrojorgj, a section chief in the Ministry of Internal Affairs, Nesti Karenxha and Gjin Marko, members of the Politburo of the Albanian Communist Party's Central Committee, Feta Butka, an officer in the Albanian Army, and Ymer Dishunica, a member of the Albanian Communist Party Central Committee, who was also known for having negotiated with the Ballists [members of Balli Kombetar] in Mukja in 1942. Albanian Communist Party Central Committee members Zef Ndoja and Ludevici Nikaj were also liquidated that year.

After a three year pause, a new wave of purges in 1952 resulted in the liquidation of Liri Gega, a Politburo member. To make the matter even more serious, it was then in its second phase. Other victims during that "round" were candidate Politburo member Gjergj Blushi, and candidate Central Committee members Mehdi Dumi and Plumb Dishnica. Also on that list was Ramadan Citaku, who, incidentally, was born in Kosovska Mitrovka. He was a Politburo member and the minister of finance.

After another three year pause, the list of those liquidated was expanded in 1955, first with the names of

Bajram Simoni, candidate Central Committee member, Tuk Jakova, Politburo member and organizational secretary of the Central Committee, Bedri Spahiu, minister of culture and education and a Politburo member, Dali Ndreu, a general and also the spouse of Liri Gega, and also Koc Titko, candidate member of the Central Committee of the Albanian Labor Party, and Haxhii Kroje, also a candidate Central Committee member.

#### Settling Accounts in Tirana

And then came 1956. Enver Hoxha and his followers and agents liquidated seven Tirana leaders. The first were two generals, Ulus Spahiu and Tahir Kadare. Then came Albanian Labor Party Central Committee member Djovalin Luka, a leader in the party committee of the Tirana district, and Nesti Zoto, Iljaz Ahmeti, and Vendus Vincani, from the innermost party leadership of Tirana.

This Tirana group, as well as all the individuals mentioned so far, were liquidated for having a "pro-Yugoslav" orientation, and most of them for being Yugoslav spies. As far as the seven-member Tirana group is concerned, it was also liquidated on the basis of the same accusations, but was also described as having "attempted, under direct guidance from the Yugoslav Embassy in Tirana, to liquidate the Albanian Labor Party, Enver Hoxha, and the healthy leadership."

In order to survive in power, Enver Hoxha also continued the purges when he was "divorcing" his other allies. Thus, for instance, after his quarrel with the Soviet leadership, in 1961 and 1962 he liquidated "pro-Soviet" Albanian leaders: Liri Belishova, a Politburo member and a secretary of the Albanian Labor Party Central Committee, Teme Sejko, Rear Admiral Nijazi Siljani, Sukri Kellezi, Nexhip Vincani, and Abedina Shehu, all members of the Albanian Labor Party Central Committee, and then Sami Omari, member of the DF Committee, and Manol Konomi, also a member of the same committee and of the Albanian Labor Party Central Committee.

Also, when he broke relations with China, Enver Hoxha did not want to have any "pro-Chinese people," who might think differently from him, in his leadership. The following people were thus liquidated during the period from 1971 to 1975: Fadil Pacrami, chief of the education section, Todi Lubonja, the director of Tirana Television, and Eqir Balluku, a Politburo member and minister of defense. He was later accused of being not only a Chinese agent, but also a Yugoslav and Soviet agent. Also liquidated during the same wave were Petrit Duma, chief of the General Staff of the Albanian Army, Hito Cako, chief of the political administration in the Ministry of Defense, Abdyl Kellezi, deputy chairman of the Council of Ministers, member of the Politburo, and chairman of the State Planning Commission, Koco Theodhosi, a Politburo member and minister of industry and mining, and Kico Ngjela, minister of trade.

In 1981 and 1982, Enver Hoxha went back to the "pro-Yugoslavs" and "Yugoslav agents" again. He

found them among his closest colleagues, and so did not hesitate to liquidate Mehmet Shehu, a Politburo member and chairman of the Council of Ministers, followed by Fecor Shehu, a candidate Politburo member and minister of internal affairs, and Kadri Hazbiu, a Politburo member and minister of defense. In that last assault by Hoxha against his closest colleagues, Llambi Zicishti, minister of health, Mihallaq Zicishti, first secretary of the Drac district, and Toma Dine, a Central Committee member and first secretary of the Puke district, were also victims.

If one also adds to this Mehmet Shehu's two sons, who allegedly committed suicide, then the list of the officials liquidated in Enver Hoxha's purges totals 67.

Some participants and agents in these purges—and not only these, but also the purges in which tens of thousands of ordinary Albanians suffered—are still alive today, and are in Albania's ruling organizations. That is why in recent days, when there were indications that Albania was opening up to the world, this issue has increasingly come to the forefront. All of the discussions of this among those who are familiar with the circumstances (and troubles) in Albania indicate that those purges can still have serious consequences, since they involved certain struggles and a settling of accounts among clans and tribes. It is even asserted that the first ones to fall will be certain high officials, because they voluntarily carried out not only the orders, but also the wishes of their leader, Enver Hoxha.

### CZECHOSLOVAKIA

#### Slovak CP Publishes Election Program

90CH0140A Bratislava PRAVDA in Slovak  
10 May 90 p 6

[Election program of the Slovak CP [Communist Party] as an independent part of the CPCZ [Czechoslovak Communist Party]: "For Social Certainties and Prosperity in Slovakia" (a leftist alternative for Slovakia)]

[Text] The Slovak CP [Communist Party], as one of the equal political forces, is competing in the elections for an opportunity to contribute constructively and effectively to the development of our society. It wants to express and champion the interests and needs of the working people—laborers, farmers, intelligentsia—those who provide livelihood for themselves and their families by their quality work and their skills.

We follow up on all the positive values of the past. We definitely reject all that was counter to the ideals of freedom and social justice. We want to confront honestly all the mistakes in theory and the failures in our practice.

The orientation of our program is a quality life for man in a prosperous country. We shall try our best to enable all people to work and live in dignity without fear or concern about the future. We shall engage in politics with the people and for the people. That is the way we wish to

contribute to the development of the Slovak nation and the national minorities living in Slovakia.

We are entering the preelection campaign as an emerging modern leftist party, which stands for a positive resolution of social problems in the spirit of national consensus, political tolerance and cooperation.

The values which determine our policy are: work and social justice, freedom and democracy, peace and solidarity.

It is our wish that a modern, socialist society be created in Slovakia, that will guarantee freedom for the individual and democracy for all.

#### **For the Sovereignty of the Slovak Republic**

The CPS [Slovak Communist Party] will work as a national-political force imbued with the spirit of patriotism and justice.

We want to develop the Slovak Republic as a component of a federation of two equal and sovereign national republics.

We are for Czechs and Slovaks, together with Hungarians, Romanians, Ruthenians, Ukrainians, Poles, and Germans, living in a state that will guarantee them a national and ethnic identity, give them legal guarantees for true political, economic, and cultural equality. The CPS will support the search for independent forms of the self-realization of nationalities.

The CPS is and will be against any manifestations of chauvinism, nationalism, discrimination on grounds of nationality, disrespect, and intolerance.

#### **Democracy for All**

We are for a Czech and Slovak Federative Republic as a sovereign, democratic, humane, and socially just state, in which only its sovereign people and only they, represented by legitimate representatives in parliament, will make decisions and no one else.

We are for numerous forms of direct democracy, making possible a broad participation of citizens in making decisions about the administration of public affairs.

We propose holding public discussions about important questions of societal life, and also to use referendums to make decisions in each of the national republics.

We are for adopting political resolutions at all levels in public view, as well as subjecting the political and economic reforms in the CSFR to public control.

We are for working out a system of guarantees against the abuse of the supremacy of central power in deciding matters concerning local regional self-governments.

We are for an independent judiciary, including the constitutional and administrative, for an efficiently functioning prosecutor's office, and for highly qualified

security units, working in such a way that never again could they be misused against the people and any of the political parties and movements.

We are for a legal state, in which the constitution and the laws are supreme, and state power is exercised on the basis of the law and within its limits.

We are for consistent adherence to international agreements on human rights and civil rights, and for expressing them in our laws and applying them in practice.

The renascent party will defend the right of every citizen to freedom of opinion, political conviction, and religious belief.

We are for strengthening mutual respect, tolerance, understanding, and cooperation between the believers and the atheists.

We propose guaranteeing within the new laws a real equality between the state and the churches and religious societies.

We are for free dissemination and exchange of ideas and information. We are against any form of monopoly of information whatsoever.

#### **Prosperity—Foundation of Democracy**

We are for thorough economic reforms that will lead to a revitalization of economic growth and an increase of its socioeconomic effectiveness, because only thus will freedom and social justice become truly living values.

We are for implementing the reforms of the CSFR economy in a well thought out and coordinated way and in broad cooperation with all working people. We are definitely against pushing reforms through only administratively from above, without regard to the view and will of the laborers, farmers, employees.

We are for having as the core of the economic reforms above all the dismantling of the alienating, impersonal form of state ownership. We support a transfer of state ownership to the management of individual work collectives as a way of realistically overcoming divergencies between ownership and labor.

We are on principle against democracy stopping at the gates of factories. On the contrary, we are for consistently developing democracy in our production.

We reject assertions that only private ownership is an efficient form of economy.

We are for privatization, as long as it is implemented at a reasonable rate and not against the interests of the working people. However, we are on principle against a general reprivatization.

We are against a wholesale return to small-scale farming. We shall support small and medium-sized farms where it

is advantageous for the society and farm workers will decide in favor of it voluntarily.

We are for ensuring national economic interests and development of modern Slovak economy in an efficiently integrated Czecho-Slovak economy. The labor, intellectual, raw material, and natural potential of Slovakia must not be placed at the mercy of foreign capital.

We support a progressive taxation of high incomes, as long as they are not invested in a further growth of production or effectively used for satisfying important public interests, for developing science, culture, arts, physical education and sports, or for realization of social or ecological projects.

#### **For a Socially Just Society**

We are for the right to work, which is the main area where the vital forces of man can be realized and the basic factor providing him with certainty in his existence. We shall use all the constitutional means in an effort to preserve it and develop it into an entire system of legal norms.

We are for strong and independent trade unions, able to defend the rights and interests of workers in individual enterprises and professions, trade unions sharing in the legislative and decision making processes.

We are against uncontrolled unemployment. We demand that every citizen, who will be affected by the inevitable structural changes in the national economy, has full opportunity for being retrained at enterprise or state expense.

We are for removing unfair inequalities between men and women and creating conditions which will enable women to apply fully their acquired knowledge and skills.

We are for every woman being able to decide freely about her motherhood. The right to make a choice about motherhood we consider the basis of their equality. We are for increasing the maternity benefits and a longer maternity leave.

We consider support of motherhood and parenthood as one of the most important prerequisites for a healthy development of society. We shall do our utmost to have the state support the strengthening of lasting family ties and create conditions for good social well-being of families, particularly those taking care of children. We shall support a modification in the system of child allowances tied to developments in the cost of living.

We want to contribute to the introduction as soon as possible of a supplementary leave of a minimum of five days a year for all women taking care of small children, and to the creation of conditions for shortening and arranging work time according to women's needs as required for taking care of children and bringing them up.

We recommend resolving speedily and with the effective help of society the pressing social problems of young people and young families, mainly housing, and thus certainly the questions of young people embarking on independent life.

We are for enabling every young person to receive free education (including university) commensurate with their talent and perseverance in the area which they choose themselves.

We are for a quick correction of the current unclear situation in apprentice training, we consider it inadmissible that the education and training of future generations of blue collar workers could be threatened.

We are for making the talent, ability, and knowledge of the applicant the only criteria for admission to studies in secondary schools and institutions of higher learning. The opportunity to receive education must not be restricted for anybody because of social origin, social status of their families, or because of political convictions or religion. We are against such educational reforms that would diminish the opportunities for children from families of blue collar and farm workers and socially weaker families to receive education.

We do not want pensioners, who already did their share of good work, to become the most threatened social group in the process of creating a market economy.

We are for a continuous adjustment of pensions, health insurance and other social benefits to the real increase of living expenses. We are in favor of a continuous adjustment of a minimum living standard as well.

We are for giving citizens of retirement age the opportunity to participate, according to their strength and ability, in the life of society.

We are for society extending the network of nursing homes and services and recreational and rehabilitation facilities for pensioners.

We are for continuing to increase the possibility of offering free and inexpensive services to pensioners, as well as reduced fees in cultural, recreational, and other facilities.

#### **We All Want To Live a Healthy Life**

We are for quickly ending the devastation of the environment in our country. We shall support everything that will set us on the path to a comprehensive, purposeful protection of water, soil, air, and other components of the environment and that will substantially decrease its health hazards. We are against the growth of the GNP at the cost of the environment.

We propose the creation of a complex of protected territories, which could become the basis of a future ecological model for the entire Republic.

We are for all measures in the agricultural and food processing industries that will guarantee citizens an adequate and healthy diet and will prevent dangerous concentrations of harmful substances in foods.

We stand firmly behind all rights and we shall support socially beneficial activities of gardeners, breeders, hunters, fishermen, bee keepers, and all special interest groups and organizations whose members take care of nature and the countryside.

We are for a quality, basically free, health service, provided at a high level and accessible to everybody and everywhere. We are not against developing various forms of providing health services—enterprise, charitable, as well as private.

We are for extending the network of physical education, recreational, rehabilitation, and spa facilities, accessible to all. We support further development of recreational physical education and sports and providing for them in every way.

We are against discriminating in any way against citizens with health impairment in the life of society or in employment.

#### **For an Educated, Culturally Mature Society**

We consider The development of education and culture in general in the nation to be the main creative potential of Slovakia.

We are for creating a broadly conceived system of educational institutions that will give citizens of all levels the opportunity for a lifelong education.

We are against reducing state subsidies for the development of science, particularly in the areas which contribute to the health of the people, increased prosperity of the country, its ability to compete, and an all around spiritual development of the population.

We are for retaining and developing our national cultural identity, which could be strongly damaged under the impact of the economic, but also the cultural, opening up to the world by the penetration of commercial cultural models. Similarly, We shall support the preservation and enhancement of the cultural wealth of national minorities.

We are against a monopolization in culture and the arts. We shall strive to maintain, and as far as possible also to increase, state subsidies for the development of culture and the arts, for the preservation and care of historic monuments.

We shall support the development of creativity in the folk arts, of art schools, popular art schools and all institutions serving an active cultural life of the populace.

#### **We Are in Europe**

We are convinced that a strong Left is a necessary prerequisite for a strong Czech and Slovak Federative Republic and its dignified position in Europe.

We are for friendly and equal relations and cooperation with all countries, for a new political, economic, and legal order in the world.

We are for mutually advantageous and equal cooperation with the Soviet Union, We are against anti-Sovietism which is making an effort to impair relations between our countries.

We are for opening up our country to the world, but not to the detriment of its sovereignty, security, and political or economic independence.

We support all proposals aiming at strengthening peace and international security. However, we consider unacceptable such steps that would threaten an adequate defense capacity of our state.

We are against casting doubts on international agreements and reject overt as well as covert efforts to revise frontiers as they exist today.

We want a world without nuclear, chemical, and other weapons of mass destruction, a contented home of the large family of man, making radical steps toward disarmament.

We stand and we shall continue to stand firmly on the side of those who fight for peace, freedom, democracy, national and state independence, and social justice.

#### **With Full Responsibility**

We proclaim the values and goals of the party of free peoples, the party of labor. We said what we are for and what we are against. For every for and against we have our own concepts and concrete approaches. Our representatives will defend them and push them through. Our program is open. We shall supplement it as the voters and life will demand.

For us to go back is impossible.

**WE MUST GO FORWARD!**

### **HUNGARY**

#### **Parliament: Parties Agree on Committees, House Rules**

##### **Committee Framework Set**

*25000723A Budapest NEPSZABADSAG in Hungarian  
25 Apr 90 pp 1, 5*

[Report on 24 April meeting of party experts by Gy. Attila Fekete and J. Tibor Keri: "House Rules: Long Tug of War; Ten Permanent Committees, Five Provisional Committees Recommended"]



[Text] Yesterday afternoon party experts conferred once again. They discussed the issues related to the organizational meeting of the National Assembly. Among other things, they discussed the number, designation, and composition of the future permanent and provisional committees, the temporary determination of honoraria and expense reimbursements to be paid to representatives, as well as other still pending technical and organizational issues. Present at the consultations were Gyorgy Csoti, Laszlo Salamon, and Istvan Balsay of the Hungarian Democratic Forum [MDF]; Peter Hack and Peter Tolgyessy of the Alliance of Free Democrats [SZDSZ]; Jozsef Torgyan of the Independent Smallholders, Agricultural Workers, and Citizens Party [FKgP]; Matyas Budzsaklia of the Hungarian Socialist Party [MSZP]; Janos Ader of the Association of Young Democrats [FIDESZ]; Tibor Fuzessy of the Christian Democratic People's Party [KDNP]; and Istvan Fodor on behalf of the group of independent representatives.

A one-hour debate about which church leaders should be invited to the ceremonial session of 2 May took place before the first agenda item was dealt with. SZDSZ representatives felt that it was improper to have only the leaders of the ten largest churches present in Parliament. In their view this would be contrary to the spirit of the law concerning churches, which provides equal rights for each officially registered church. Today 32 such religious, church organizations, and denominations operate in Hungary. In the end an agreement was reached regarding this issue: Leaders of the National Assembly promised that somehow they would squeeze out some space for the representatives of all Hungarian churches.

Thereafter the subject of honorary guests to be invited once again emerged. It is certain that Bela Varga, president of the 1947 National Assembly, will take part in the ceremonial session. He will arrive with his entourage at Ferihegy airport on 29 April at 0800 hours. A joint committee of the parties will receive him. Dr. Otto von Habsburg, chairman of the European Parliament committee concerned with Hungary, will be there, as well as the Italian and the Spanish vice chairmen of this body. They are being invited by the National Assembly, not by the parties. It was agreed that only the chairman and the secretary of the National Elections Committee will be invited to this session.

Only after all of this was it possible to debate perceptions concerning parliamentary committees to be established in the future. The MDF and the SZDSZ plans were similar, thus they submitted a joint proposal. According to the proposal the future National Assembly would have 10 permanent committees. These are: the Committee on the Constitution and on Legislative Development; the Committee on Autonomous Governance, State Administration, Police, and Internal Security; the Committee on Foreign Affairs; the Committee on Defense; the Committee on the Budget, Taxation, and Finance; the Committee on Economic Affairs; the Committee on

Social Welfare and Health; the Committee on Environmental Protection; the Committee on Culture, Education, Sports, Television, and Press Affairs; and the Committee on Human rights, Minority, and Religious Affairs. There would be five provisional committees: the Committee on the House; the Rules Committee; the Committee on Elections and the Examination of Mandates; the Committee on Immunity and Incompatibility; and the Committee on National Security.

A consensus was quickly reached regarding the number and designation of committees. A much larger debate ensued concerning the rights of independent representatives. The experts present at the meeting did not feel it was appropriate for independent representatives to participate in a voting capacity in the committees. This was rather vehemently objected to by Istvan Fodor. In his view the independent representatives should have parliamentary mandates on the basis of the same number of votes as representatives in any other faction, therefore they should be entitled to the same rights. The MDF, the SZDSZ, and the FKgP were diametrically opposed to this idea, while the rest of the participants did not take a substantive part in the debate. According to the opponents, principles of proportionate representation must prevail in the composition of parliamentary committees, and the independent representatives should indeed be independent from everything and everyone, and they should not try to act as a faction. Following an hour-and-a-half battle with pro and con arguments, Istvan Soltesz, the executive secretary of the National Assembly, ordered a recess. The recess exerted a beneficial effect on the opponents: Twenty minutes later Peter Tolgyessy suggested that four independent representatives be allowed to participate in a voting capacity in the workings of committees of their choice. Istvan Fodor was not overwhelmed by this promise either; he continued to insist on his position. But although he stubbornly repeated that in this case the principle of proportionate representation must not be followed, and that the minority is entitled to full rights in a community, his arguments did not move those present.

A mediocre agreement regarding the membership of committees was reached much faster. The proposal called for each permanent committee to have 23 members, based on the following ratio: MDF, 10; SZDSZ, 6; FKgP, 3; MSZP, 2; FIDESZ, 1; and KDNP, 1. Although the FIDESZ representative fundamentally agreed with this concept, for the record he expressed reservation. In his view the four most important committees—the Constitution, Autonomous Governance, Budget, and Economic Affairs committees—should be composed of 33 representatives. They also agreed on the number of representatives to be seated on provisional committees. According to the agreement, 13 representatives should be appointed to each of the committees on immunity and on elections, and 12 representatives to each of the committees on the house and on national security. The Rules Committee should have 14 members. They regarded as important a rule according to which no

concurrent membership may be held by any representative on two permanent committees, at the same time, however, representatives who do not serve on a committee may participate in committee sessions as observers, without participating in the substantive work of the committee.

The experts attempted to distribute the posts of committee officers among the parties. Participants at the meeting were unable to accept an SZDSZ proposal according to which the 10 permanent committee chairmanships would be distributed as follows: MDF, 4; SZDSZ, 2; and each of the remaining parties, 1; even with the provision that lower ranking committee posts would be distributed proportionately. The Smallholders, for example, found the idea to provide only a single chairman just as FIDESZ does unacceptable, even though they have far more representatives seated in the House. On the other hand, the MDF was unable to agree to an SZDSZ argument which holds that "the more important committees" should be given to the opposition, because in this way they could exercise more effective control over the government. The MDF view: The government is controlled by committees as whole committees, and not by just their chairman, thus the issue raised by the SZDSZ has far less significance than the SZDSZ thinks.

Representatives of the KDNP and the MSZP could not even agree with the idea that the experts of various parties should distribute the posts of committee offices in the framework of the present body. In the end, after lengthy debate, frequently returning to the same questions, the experts were able to reach an agreement to the extent that at the first session of the new parliament the above enumerated committees should be established, and if the parties are unable to reach an agreement prior to the first session concerning the matter of committee officers, the oldest member of the committee should preside until such time that an agreement is reached. This compromise was necessary because functioning parliamentary committees are needed in order to form a government; these committees will hold nomination hearings concerning the various minister designates before such nominations are voted on by Parliament.

A FIDESZ proposal according to which Parliament should enact a law or pass a National Assembly resolution concerning the significance of the 1956 Revolution and fight for freedom was approved without debate.

A temporary determination concerning honoraria and expense reimbursement to be paid to representatives was discussed in the late evening hours. Concern was visible on the part of the experts as to which of the three proposals should be recommended for adoption by Parliament. Alternative "A" determined the honorarium to be received by a representative as 50 percent of a minister's pay. Several participants felt that this was nice but at the same time overly vague. Similar views were expressed with regard to Alternative "B," which defined the representatives' honorarium as three times the

amount of net nominal national average earnings of people making a living from wages and salaries during the previous year. Alternative "C" was the most clear cut. But, fearing public reaction, no one dared to openly state that the gross amount of the honorarium should be 32,500 forints. In the end the issue was referred to a conference to be held by the leaders of various factions. On the other hand, they agreed that representatives may receive expense reimbursement to the extent of 30 percent of the honorarium they receive, but in regard to housing costs—not included in the 30 percent allotment—they must maintain an account.

#### **Committee Composition, Leadership, Voting Method**

*25000723A Budapest NEPSZABADSAG in Hungarian  
27 Apr 90 pp 1, 4*

[Report on 26 April meeting of faction leaders by J. Tibor Keri: "The Big Ones Bowed to the Small Ones: Distribution of Parliamentary Posts"]

[Text] Provisional President of the Republic Matyas Szuros reminded participants of a faction leaders' meeting yesterday morning in Parliament that in their great haste the parties had forgotten to invite the chairman of the European Parliament and the chairman and the secretary of the Council of Europe to the 2 May session of the National Assembly. In the end, those present decided that although very little time was left to accomplish this, they would invite the chairman of the Parliamentary general meeting of the European Council for 2 May.

Thereafter the faction leaders discussed the per party composition of the officers of parliamentary committees. They agreed after short debate that in the Committee on the House, to be established as a provisional committee, only the faction leaders and the independent representative to be delegated to that committee should have voting privileges. The vice presidents of Parliament may participate in the meetings of that committee only as invited guests, and the president—the president of the National Assembly—may cast a vote only in the case of a deadlock.

Viktor Orban expressed FIDESZ' viewpoint regarding the partisan composition of permanent committees. In FIDESZ' view the small parties should have at least two seats in the committees, otherwise the small parties will be excluded from substantive participation in committee work. He justified this statement by saying that the committees are being organized around very broad issues, and a single person will not be able to effectively deal with such issues and to perform actual work. To resolve this issue Peter Tolgyessy suggested that the institution of substitution be used, but this did not satisfy Orban. A lengthy debate ensued, but the viewpoints did not come any closer. In the end the SZDSZ, the MDF, and the FKgP proposed that the small parties should be able to delegate two members into four committees. FIDESZ was not satisfied with this solution

either; their representative asked for a recess in order to discuss this proposal with members of his faction. After the recess Orban presented another proposal: The small parties should each have two representatives with voting privileges in seven permanent committees. Following a pause long enough to catch their breath, Jozsef Antall and Peter Tolgyessy "reached out their hands" to FIDESZ while underscoring a "grave disagreement in principle," and thus a compromise was reached. According to this agreement the small parties would be able to delegate two representatives to each permanent committee, except to the committees on defense, foreign affairs, and environmental protection.

The faction leaders also agreed on the per party distribution of the leading committee offices—chairmanships, vice chairmanships, secretarial posts (see table!), and then they went on to discuss other technical issues. Balloting in the new National Assembly will follow the previous practice: Votes will be cast in the open, with the use of a tallying machine. Records of votes will also be made available to the press and to representatives in the future. In response to a proposal made by Jozsef Antall, the meeting agreed that acting minister of the interior Zoltan Gal, an elected representative, will be regarded as

a political appointee state secretary until 15 May, and thus his post in the ministry is not incompatible with his membership in Parliament. This is consistent with the constitution. In this relation the meeting also agreed that in warranted cases new representatives will surrender their professions by 15 May in order to avoid incompatibility.

A decision was reached concerning the temporary rules of honoraria, expense reimbursement, and privileges to be granted to National Assembly representatives. Those present unanimously approved that Alternative "A" be recommended for adoption by Parliament. This alternative provides that the honorarium to be received by representatives will amount to 50 percent of the compensation provided to ministers. Following short debate the faction leaders agreed that the law concerning the October 1956 Revolution and the fight for freedom be introduced in Parliament by the president of the National Assembly.

The final agreement concerning preparations for the organizational session of the National Assembly will be signed by the faction leaders on Saturday, 28 April at 0915 hours in Parliament.

#### National Assembly Committee Leadership Posts—Party Assignments

Permanent Committees			
Committee	Chairman	Vice Chairmen	Secretary
Constitution and Legislative Development	MDF	MDF, FKgP	SZDSZ
Autonomous Governance, State Administration, Police, and Internal Security	SZDSZ	FKgP, MDF	MDF
Foreign Affairs	MSZP	MDF, FIDESZ	SZDSZ
Defense	FKgP	MDF, SZDSZ, IND	MDF
Budget, Taxation, and Finance	SZDSZ	MSZP, MDF	MDF
Economic Affairs	MDF	SZDSZ, MSZP	MDF
Social Welfare and Health	MDF	SZDSZ, MDF	MSZP
Environmental Protection	KDNP	MDF, SZDSZ	FKgP
Culture, Education, Science, Sports, Television, and Press Affairs	MDF	SZDSZ, FKgP	MDF
Human Rights, Minority, and Religious Affairs	FIDESZ	KDNP, SZDSZ	MDF
Provisional Committees			
Committee	Chairman	Vice Chairmen	Secretary
House	The prevailing president of the National Assembly serves as chairman		
Rules	MDF	MSZP	SZDSZ
Elections and Examination of Mandates	MSZP	KDNP	SZDSZ
Immunity and Incompatibility	FKgP	FIDESZ	MDF
National Security	SZDSZ	MDF	FKgP

**Agreement Signed, Defense Committee Expanded**  
*25000723A Budapest NEPSZABADSAG in Hungarian*  
*29 Apr 90 p 1*

[Report on 28 April signing of agreement, by F. Gy. A.: "Defense Committee: Plus One Vice Chairman; Agreement on Pact"]

[Excerpts] Contrary to the agreement reached at the expert negotiations, the Defense Committee of the new parliament will have three, not two vice chairmen. With this change, leaders of the six parties represented in Parliament accepted and signed the final version of the order of business for the organizational session of the new National Assembly. The ceremony took place in Parliament. [names of signatories omitted]

Prior to the brief signing ceremony the faction leaders discussed certain pending issues. They agreed that because a six-member group of Hungarian representatives may be delegated to the parliamentary general meeting of the Council of Europe, that group will include two MDF, two SZDSZ, one FKgP, one MSZP, and one KDNP representative. The faction leaders also agreed that the Hungarian Parliament should declare at its organizational meeting the intent for Hungary to become a member of the Council of Europe at the earliest possible date. They also approved the text of the memorial law concerning the significance of the 1956 Revolution and fight for freedom.

The independent representatives' delegate reminded those gathered that their parliamentary group would have liked to see independent representative Bela Kiraly as an officer of the Defense Committee—as a gesture, for example if he could have served as chairman of that committee. But based on earlier agreements this post was allotted to the FKgP, and changing the earlier agreement would have upset the party balance that was so difficult to achieve. Jozsef Antall proposed a compromise. Following a brief caucus the leaders of all parliamentary groups agreed that the number of vice chairmanships in the Defense Committee should be increased by one. Accordingly, it is certain that Bela Kiraly will be a vice chairman of the Defense Committee in the new Parliament.

## POLAND

**Weizsaecker Visit Assessed as Confidence-Building Measure**

*90EP0559A Warsaw GAZETA WYBORCZA in Polish*  
*2-3 May 90 p 6*

[Article by Janusz Reiter: "This German Builds Confidence: FRG President in Poland"]

[Text] The Constitution of the Federal Republic of Germany prescribes that the president of the state may not deal with everyday politics but integrate the entire society and represent it outside. The president has as

much power as the moral authority he wins and his voice counts to the extent to which it reaches minds and, sometimes, hearts too. Therein exactly consists the presidential power of Richard von Weizsaecker.

The 70 years old chief of the West German state has been an active politician for many years. During 1966-84 he was a member of the main board of the CDU; for 12 years he was a Bundestag deputy; and in the years 1981-84 he governed West Berlin as its lord mayor. Weizsaecker knew how to fight and engaged in sharp polemics with his political adversaries, but he enjoys authority among them too. He is open to differing views but has his own explicit ideological and political ones that combine conservative thought with Christian values and liberal tradition.

Weizsaecker does not belong to the generation endowed with "the grace of late birth" as Helmut Kohl had once put it. In September 1939, at age 19, this son of the then Reich deputy minister of foreign affairs was one of the soldiers of the German army entering Poland. One of his brothers fell already on the second day of the war. Recalling that period in his life, the President speaks of a 19 years old man who understood little about politics but did draw conclusions from his experience and turned them into maxims for his life.

In 1962 Weizsaecker, at the time working in industry, took part in a discussion of relations with Poland. In this connection, he penned sentences which at the time sounded shocking to a majority of Germans. He warned against the view that relations with Poland can be smooth without taking a definite position on the Polish western boundary. He also offered the reminder that, in supporting Germany's desire for unification, the Western Allies have in mind only the areas west of the Odra and the Nysa. He advised against playing Poland off against Russia. "Poland should rather be a factor stabilizing the situation in Moscow," wrote the now Bundespresident.

In a conversation with Polish journalists, prior to his visit to Poland, Richard von Weizsaecker came back to this idea. He believes that geopolitics is not a fated burden Polish-German relations. There is no question of Germans reaching agreement with Russians over the heads of Poles. There can be no return to such a model of politics, Weizsaecker emphasized. He also added that it would be good if Poland, in exploring rapprochement with West Europe, would not bypass Germany. The border issue should not obstruct this. The president believes that this issue has in fact already been resolved, as will soon be expressed in appropriate treaties. It is time to start thinking about what is to come next.

Speaking of the future of Polish-German relations, the president employed a concept recently proposed by Minister Skubiszewski: the Polish-German community of interests. He also recalled Premier Mazowiecki's proposal for establishing the European Cooperation Council. The FRG president believes that this way of thinking is common to our countries: Europe needs a new institution that encompasses all parts of the continent and assures all countries of an equal feeling of security. The unification of the Germanys is causing this concept to be of interest to both the East and the West.

"Whoever fears German unity should all the more utilize the positive effects of the unification," said the president, on addressing these words to, among others, Poland.

During his sojourn in Poland Richard von Weizsaecker will deliver several speeches. One of them is to be a kind of policy outline and its importance is being compared in advance to the famous speech given by President Weizsaecker on 8 May 1985 in the Bundestag. Initially Weizsaecker was scheduled to arrive in Poland around 1 September 1989, on the 50th anniversary of the outbreak of the war but, as he explained it, the situation at the time did not warrant his coming, because some basic issues of intergovernmental relations had not been clarified then and thus his visit would have been solely focused on the past. Nowadays things are different and the president credits this to, among other things, Chancellor Kohl's visit to Poland last November.

It is interesting to know what can be expected from Richard von Weizsaecker's trip to Poland. The president will not carry in his baggage any treaties or commercial contracts or lines of credit. But the words he will utter in this country may be of greater significance to Polish-German relations than material effects. The president will probably attempt to present a new vision of the relations between the two neighbor countries. The greatest defect in these relations is the continuing mistrust. Richard von Weizsaecker seems trustworthy. Several years ago one of the then leading representatives of the foreign policy of the Polish People's Republic had declared openly that the President should not be invited to Poland because he would have influenced "too positively" the image of Germany in Poland. Nowadays we are welcoming Richard von Weizsaecker in the hope that this is exactly what will happen.

### Solidarity Regional Leaders Profiled

90EP0526A Warsaw *POLITYKA* in Polish No 13,  
13 Mar 90 p 10

[Article by Barbara W. Olszewska: "Personnel Column: Electricians and Combatants"]

[Text] Second in a series of articles (*POLITYKA*, No 10) providing information on new regional Solidarity leaders.

In Opole Region (about 45,000 members) the new Solidarity chairman is Jan Calka (49 years old). An uncertified teacher, most recently employed in the Opole Voivodship Administration of the Polish Red Cross, he had been a member of the leadership of the underground Coordinating Council and was arrested from 1982 until 1983. Upon his release he became coeditor of *SOLIDARNOSC OPOLSKA*, published until 1989, and he used to be chairman of the Provisional Solidarity Board for Opole Region. Hobbies: reading good political non-fiction and Catholic literature, charitable activities, and mountaineering. He resides at the communal M-2.

Regions in which Solidarity membership is below 20,000 include:

—*Subcarpathian (Krosno, excluding Jaslo)*: Headed by Ryszard Domanski (34 years old). A technician-mechanic at Krosno Petroleum Equipment Plant, married, with 6 children. There exist two local factions, one called "Capuchins" and the other "Fara," which take their names from local churches. The chairman is linked to neither faction.

—*Pila*: The Solidarity leader is Stanislaw Oskierko (50 years old), a white-collar employee of the Trzcianka Forestry Transportation Enterprise who had been interned in 1981 and who most recently has been active at the local citizens' committee and the plant Solidarity committee. He owns a large apartment. Hobbies: book-reading and Oriental philosophy.

—*Przemysl*: The Solidarity leader is Marek Kaminski (38 years old), a printer at the Praca Cooperative of the Disabled, who was a member of the underground structures of Solidarity and of the regional Solidarity board. Hobby: kibitzing all kinds of sports.

—*Leszno (Leszno Voivodship)*: Headed by Eugeniusz Matyjas (37 years old), a lawyer who in 1981 worked for PAX. Interned [during the martial-law era], he became chairman of the regional Solidarity board and, following the abolition of martial law, he has had no regular job. He has a little boy.

—*Poznan (Poznan Voivodship)*: Wojciech Tucholski (43 years old) was elected the Solidarity chairman. A teacher at an elementary school in Jalow, he was arrested during the martial law era. Hobby: history.

—*Chełm*: Headed by Boguslaw Mikus (36 years old), a construction technician, interned and dismissed from his job, most recently working as a craftsman, in 1981 and now again chairman of the regional Solidarity board. Hobby: used to be the cinema and literature but now, owing to lack of time, it is Solidarity alone.

—*Slupsk*: Edward Mueller (32 years old), electrical technician, recently working at the Voivodship Blood Donor Station but now on unpaid leave, he used to be chairman of the provisional Solidarity board for the region. Hobbies: bridge, fishing, tourism.

—*Kujawy and Ziemia Dobrzynska (Wloclawek)*: there the new Solidarity chairman is Zdzislaw Malinowski (36 years old), a graduate of a vocational high school, a fitter, who in the 1980's had worked under contract in Syria, and more recently at the Kujawy Pressure Gauge Plant in Wloclawek; Solidarity member since 1980, vice chairman of the regional Solidarity board.

—*Wroclaw Division of the Lower Silesian Region*: The newly elected Solidarity chairman is Tomasz Wojcik (45 years old), Ph.D. in Chemistry, Solidarity chairman at the Wroclaw Polytechnic.

—*Walbrzych Voivodship*: the new Solidarity head there is Artur Sierzputowski (28 years old), an employee of the Cooperative of the Disabled in Swidnica.

### Polish Social Democratic Union: Membership, Program

90EP0539A Warsaw *POLITYKA* in Polish No 15,  
14 Aug 90 p 3

[Article by Marek Henzler: "Exploring the Road: The Polish Social Democratic Union: Patriotism, Tolerance, Rule of Law"]

[Text] "The Republic is in need!" This pathetic-dramatic summons by Tadeusz Fiszbach and the singing of the national hymn inaugurated the Founding Meeting of the Social Democratic Union. This signaled the ending of the first stage of the establishment of the Union, formed along with the SdRP [Social Democracy of the Polish Republic, another splinter faction resulting from the breakup of the PZPR] by some of the delegates to the last PZPR Congress.

In the first 70 days of its existence, the Union, built up from the grassroots and on the basis of a program rather than from the top and on the basis of [the PZPR's] assets—for which the Union's members fault the SdRP—had gained a core of about 3,500 members and sympathizers (as compared with the 80,000 members of the SdRP at present). The Union's supporters live mainly in Wielkopolska—about 1,000 members, of whom in Leszno alone about 500!), followed by Silesia and Zagłębie (about 700) and Mazowsze (about 500). The other five already established regional chapters of the Union (in Malopolska, Lower Silesia, Torun, Gdansk-Pomerania, and Lubuskie) count about 200-250 members and sympathizers each. Founding groups exist in an additional 14 voivodships. The Union Caucus of Sejm Deputies has already been joined by 45 deputies from the former PZPR (at first there were only 16), so that in the Sejm the Union is represented much "better" than the SdRP, which admits to having only half as many deputies.

The Founding Meeting resolved to formally establish the new party, the Polish Social Democratic Union. A delegate from Warsaw, Tadeusz Michalski, voiced his opposition to the adjective "Polish" on the grounds that he is a Jew and will not join a "Polish" party and would like to form a Jewish caucus within the Union like his wife, who belongs to the SdRP, did. The former name, the Social Democratic Union, received 41 votes, while 142 delegates voted in favor of the new name, the Polish Social Democratic Union. It was resolved that its acronym would be not PUSD or PUSd but PUS.

Tadeusz Fiszbach was elected the Union's chairman. The procedure for electing the party leadership rather perplexed an outside observer. The leader was nominated by Prof. Jacek Wodz, who declared, "We all know anyway who should be the chairman," whereupon, without any discussion of the nomination and without

any additional nominations from the floor, the Vice Speaker of Sejm was elected the party chief not by raising hands but by applause. In his turn, T. Fiszbach recited the names of members of the National Council and indicated which ones would be in the Presidium. This also met with applause. As it turns out, these names had been earlier agreed upon with the leaders of the Union's regional branches and founding groups.

The main program of the PUS bears the name "Basic Values" and, along with several other planks adopted, it defines the party's political platform. The basic values uniting the social democrats belonging to the PUS are: patriotism, the primacy of the ethos of the individual over the collectivist ethos, tolerance and respect for the right of others to have different opinions, rule of law, equality—but in the sense of equal opportunity rather than of "uravnilovka" [a Russian word meaning both regimentation and the lowest common denominator of egalitarianism], social justice (expansion of entitlements, total and free access to education), democracy and parliamentarianism (proportional vote is preferred), pluralism and consensus (meaning mutual agreement on views while at the same time preserving the autonomy of individuals, groups, and associations). The Union does not desire to be the party of any one social group. In the programs of other parties it perceives many valuable and noble ideas which it respects, e.g., the social doctrine of the Catholic Church or the Solidarity program. The PUS wants neither socialism nor capitalism; it wants to explore the Polish road. It desires a mixed economy with equal rights for all sectors, whether state, private, or cooperative. This is only an outline of the program which is still being constructed prior to the First Congress of the PUS, anticipated for the end of this year.

Before the "Basic Values" was adopted, there was some controversial political discussion about, basically, just one subject. "Stalin's orphans," as someone termed them, woke up and attempted to have the program amended by, among other things, abandoning the Union's self-definition as a center-left party and instead defining it in the program as a leftist party, and eliminating the clause rejecting the theory of the class struggle as well as tightening the provisions referring to the secular nature of the state. There arose a rather lively polemics between Deputy Andrzej Bratkowski, who proposed the inclusion of an explicit statement that the party rejects the doctrine of Marxism-Leninism with its goal of a totalitarian world, and Prof. Marian Dobrosielski, who agreed to eliminating the mention of Leninism but wanted to leave in place the mention of Marxism, whose creator, he said, is the equal of Newton and Einstein.

Ultimately Bratkowski's amendment was adopted in the following wording: "The PUS definitely rejects the communist ideas, based on the doctrine of Marxism-Leninism with all of its historical determinism, class struggle, 'democratic centralism,' and the monopoly of a single 'leading' party. We are aware of the hugeness of

the social evil caused in our country by the governments of the ruling totalitarian party."

This "apologia" was the final act of the meeting. Now a period of recruiting additional supporters is facing the party. The PUS wants to enter the regional elections and is negotiating with certain leftist groupings (most fully with J. J. Lipski's Polish Socialist Party) and thinking of publishing its own newspaper and joining the Socialist International.

For this party, and for its leader and chief activists, recruited chiefly from among former supporters of the "horizontal [democratic] structures" in the PZPR during 1980-81 and from that part of the 8 July Movement which did not join the SdRP, the protective period of "anointment" is over and nowadays, in its already quotidian political struggle and through the formation of political alliances, it will have to explore support for itself and for the Polish Left, which is undergoing an identity crisis.

#### Profile of Political Parties Attractive to Youth

90EP0525A Warsaw *POLITYKA* in Polish No 13, 31 Mar 90 p 7

[Article by Przemyslaw Cwiklinski: "The Faces Behind the Bandannas: Solidarity Is Not Our Political Exemplar"]

[Text] Young politicians in Krakow wear high laced boots (imports from Romania), denim or leather jackets, and military trousers, and they absolutely must wear a bandanna around the neck with the object of protecting their faces against tear gas and television cameras during street actions. Young politicians read the book "Partie i systemy partyjne" [Parties and Party Systems] by Prof. Marek Sobolewski, are fascinated by the history of the 1919-39 interwar period, and in their leisure moments view "The Predator" in the cinema. Young politicians remove ideologues (Lenin's statue in Nowa Huta), political parties (the attempt to burn down the building of the Krakow Voivodship PZPR Committee) and representatives of foreign powers (broken windows at the Consulate General of the USSR).

Since last December 19 big and small demonstrations were held in Krakow, and seven of these ended in clashes with the militia. Altogether, 36 persons 17 to 26 years old were detained, and, upon the decision of the procurature, released immediately after the incidents.

The oldest of the youth organizations which call themselves political is the NZS (Independent Association of University Students, formed in the fall of 1980 and officially registered in February 1981. The NZS was a national organization, associating about 30 percent (and at some universities even 80-90 percent) of students. During the years 1982-89 it operated in the underground, until reactivated openly in September 1989. The Krakow NZS refused to recognize the eponymous national organization registered in Warsaw, and to this

day it remains independent and has no legal entity. In its opposition to the Warsaw body it is joined by the NZS organizations at universities in Bydgoszcz, Szczecin, Rzeszow, and Kielce, as well as at some of the institutions of higher education in Poznan, Olsztyn, Lodz, and Silesia.

"We are continuators of the traditions of the NZS of 9 years ago," said a Krakow NZS member wearing jeans and a red bandanna. "We were not, unlike the head office of the NZS in Warsaw, swallowed up by Solidarity and the OKP [Citizens' Parliamentary Committee (Solidarity) in Sejm] deputies."

#### "The Gloomy Crusader" and Others

The views of the NZS are democratic and [Polish] independence-minded. It has no definite political role model, although it often refers to Pilsudski and Leszek Moczulski of the KPN [Confederation for an Independent Poland]. It supports Poland's sovereignty on the international arena and the rights of all political groupings. It maintains sporadic contacts with the Krakow Solidarity and Citizens' Committee but refuses to acknowledge their primacy. There often arise tensions between them, and sometimes even explicit hostilities.

"We shall not subordinate ourselves to anyone," the Krakow NZS member said. "Solidarity as a fact and as a myth is not our political exemplar."

For this reason the Krakow NZS has broken with Deputy Jan Rokita, quondam NZS chairman at Jagiellonian University. From time to time it holds talks with Deputy Jerzy Zdrada, a Jagiellonian University docent, but the differences in views and generations make themselves felt.

Formerly the Krakow NZS used to publish many periodicals, but now there remain only PRZEGLAD AKADEMICKI, published at Jagiellonian University, ENZETESIK, and MAKE LOVE NOT WAR, the latter published by the Boycott Committee. Then also there are the departmental newsletters, such as MRO CZNY KRZYZOWIEC ["The Gloomy Crusader"] (Department of Philosophy and History), GLOSATOR (Department of Law), and BINOZ (Biology and Earth Sciences).

The NZS participates in street demonstrations, either as their organizer, most recently on 21 February, on the 9th anniversary of registration of the NZS, or as a sympathizer and observer. It is generally against resorting to force and radical street actions, but it believes them to be an effective political means and one that rallies the community at that. It is of the opinion that it should attend more to politics than to student affairs, because the latter can be attended to by the Student Body Government. It gives some support to environmentalism but more support to pacifism, and above all it is in favor of eliminating military training at universities. It actively supports the Intermural Boycott Committee and is favorably disposed toward the still continuing boycott



of military training at two higher educational institutions (the Polytechnic and Jagiellonian University).

It maintains correct contacts with other youth organizations, and with some of them it has formed the so-called Krakow Group, whose principal aim is to obtain offices of its own and perhaps also put forward a list of candidates of its own for elections to local government.

#### Frighten the Authorities

On 14 April 1985 was founded the "Freedom and Peace" movement. Its ideological declaration was signed by 16 persons, among others J. Rokita and Konstanty Miodowicz (son of Alfred, the head of the [Communist-sponsored] National Trade Union Alliance (OPZZ)). It was founded in Krakow but its branches arose soon after in Warsaw, Gdansk, Wroclaw, and Poznan. At present, the strongest branch next to the Krakow one is in Gorzow Wielkopolski.

"Freedom and Peace" is structurally amorphous, because it is a movement, not an organization; program planks are coordinated at congresses convened two to three times a year. It takes part in the activities of the Krakow Group and, together with four other organizations, it has formed the "5 x 5" Group with the object of taking over from the ZSMP [Union of Polish Socialist Youth] the building at 25 Rynek Glogny. It has no opinion on local elections, and it does not support Solidarity although it recognizes its contributions.

"We have reservations against the Balcerowicz [Economic Shock Therapy] Plan and we are apprehensive about undemocratic mechanisms in this theoretically democratic country," said a "Freedom and Peace" supporter wearing, this time, a sweater and jeans.

This movement is in favor of nonviolence and believes that street demonstrations have forfeited their cachet, even though they continue to frighten the authorities. Were the militia to follow a different approach toward the demonstrators, that is, were it not to intervene, there would be no problems with aggressive behavior.

"Freedom and Peace" is against militarism and for environmentalism. Its first program plank demands the restoration of genuine peace and adherence to the Universal Declaration of the Rights of Man, and its last plank demands the abolition of military training at universities. One of the contributions of "Freedom and Peace" has been to organize peace conferences in May 1987 at a church on Zytnia Street in Warsaw and in August 1988 at a church in Mistrzejowice. It has protested against the war in Afghanistan, honored the memory of Otto Schimek [an Austrian soldier in Hitler's Wehrmacht who was executed for pacifism], and declared a hunger strike to protest the construction of the [nuclear] power plant in Zarnowiec. It has also been instrumental in the closing of the [polluting] Siechnice and Bonarki steelworks and Solvay in Krakow and in the curtailment of production at Lenin Steelworks. Its other contributions include the change in the wording of the

military oath, the introduction of substitute military service, and a shorter period of military service for university graduates.

At one time "Freedom and Peace" used to be the most popular social movement of urban youth, but at present it is losing its influence to more radical organizations. Malicious people quip that only three "Freedom and Peace" supporters have remained in Krakow, but that is untrue.

#### Still the Same People

The student and youth organizations of the KPN [Confederation for an Independent Poland] share the views of the adult leaders of that party and support their program. Organizationally they are subordinate to the direct-action leadership of the Krakow District of the KPN. In other cities these organizations are either associated or affiliated with the KPN, but what matters is not the organizational chart but acceptance of the program of the national KPN leadership.

The youth-oriented activities of the KPN display specific features. First of all, the young usually participate in direct actions of the KPN, but never are the first to attack the militia. Together with other youth groups, they organize street actions, because the country's political situation constantly needs to be changed.

"The state is still being governed by the same people," was the first accusation made by a 25 years old KPN member wearing a leather jacket and eyeglasses. And further, "The elections to Sejm were not democratic, and the elections to Senate should have been direct. The President should be replaced. The Red Army should be made to march out of Poland, and our country should participate in the conference of great powers on the unification of Germany."

The KPN is a member of the "5 x 5" Krakow Group; it is against military training at universities, and it belongs to the Program Council endeavoring to take over the "Pod Jaszczurem" clubhouse from the ZSP [Communist-supported Association of Polish University Students]. It is not accustomed to coordinate its protest actions with the Krakow Citizens' Committee nor with Solidarity, and, to be honest, it hardly feels a burning love toward them. It used to publish INFORMATOR, but now it publishes KONFRONTACJE AKA-DEMICKIE.

The KPN has not yet decided on its tactics as regards the elections for local government, although it is, of course, in favor of direct, popular vote. When asked about its membership, the KPN commented:

"There are no mass parties anywhere in the world any more. If we have several score activists, that makes us a very strong organization. We have the capability to mobilize 1,000-1,500 supporters and to influence an additional several thousand."



**"The New Right"**

The Federation of Fighting Youth [FMW] is in the opposition. It derives its political program from the (Pilsudski) independence and national-Christian tradition. No, it does not perceive any contradictions here. The Krakow FMW Committee is subject to the National Coordinating Council of the FMW which meets biweekly, each time in a different city, and coordinates its program and its national drives, e.g., "Mon-Stop," in which half a million secondary school students took part.

"We do not recognize the present government," said a FMW member who looked at most 17 years old and wore a denim jacket, black trousers, and Romanian boots. "We believe that only the emigre Polish government symbolizes the continuity and sovereignty of Polish statehood."

Solidarity is trying to get the FMW to cooperate with it, and it has even provided it with office space, but only some members of the FMW are under the influence of Solidarity. That is because, among other reasons, they are children of trade union activists.

The FMW admits that it is more skillful in organizing street actions than any one else in Krakow. It is, naturally, in favor of radical demonstrations, although it rarely accepts responsibility for them. The most active participants in clashes with the militia are members of smaller organizations such as the Christian-National Association, the National Independence Action, the Movement for an Alternative Society, the Anarchist Interurban, and ChAOS (acronym for Anarchistic Reconstruction of the Society). The FMW publishes ABC and PRAWY TOR as well as a majority of school wall newspapers. It does not support anti-Semitism and it is against Yalta and for Poland's participation in the "2 + 4" conference. It intends in the future to establish a nationalist party, but a genuine one. For the time being, there exists only the name: the Rightist Populist Party, "the New Right," but when the situation matures, members will be found.

The FMW is a member of the Krakow Group and intends, together with it, to offer its own list of candidates for elections. An alternative solution is to reach an agreement with the National Coordinating Committee and reserve for the FMW five seats in the new people's council.

**"Zoo Politics"**

The youngest child of the Krakow youth extraparlimentary opposition is the A-Front, that is the Anti-Communist Front. Some believe that A-Front supporters engage in "zoo politics," that is they only know how to hurl stones and set militia radio vans afire, while others acknowledge their activism and political force. The A-Front is, like "Freedom and Peace," not an organization but a social, supraparty movement and, properly speaking, it lacks a program of its own. It likes

neither President Jaruzelski nor the Mazowiecki Administration nor the undemocratic elections.

"We want to bring about the uprooting of Communism," declared a 19 years A-Front supporter wearing a military-style uniform and a rucksack, also military style. "Communism is not only a system and people but also habits and reactions developed over the years."

The Krakow A-Front maintains contacts with Gdansk, Warsaw, and Jastrzebie-Zdroj. However, it has nothing in common with the Anti-Communist Club of the Katowice "Fighting Solidarity." From time to time it cooperates with the National Coordinating Committee and Solidarity, and recently it attended a mass celebrated in honor of conciliation with the militia at a church in Bienczyce. It cooperates with the Krakow Group.

Many other, smaller youth groupings also are active in Krakow, e.g., the Youth Resistance Movement of the "Fighting Solidarity," the youth section of the PPS-RD [Polish Socialist Party-Democratic Revolution], or the Association of Catholic Student Youth. The Mayor of Krakow Jerzy Rosciszewski has formed the Forum of Political Parties and the Youth Forum. He hopes that at least some of the youth organizations will join the Forum and devote some of their proactivism to promoting the welfare of the city. Young people do not link their hopes to the Forum, but they will try to obtain from the municipal authorities office space for their organizations and perhaps also funds for their activities.

**New Voivodship Court Presidents Profiled**

90EP0526B Warsaw POLITYKA in Polish No 14,  
7 Apr 90 p 5

[Article by Barbara W. Olszewska: "Personnel Column: Return of the Judges"]

[Text] All the voivodship courts in this country already have new presidents. Appointed by the minister of justice and elected by their colleagues, they shall exercise their duties for 4 years (and can serve only for another term) and not indefinitely as in the past. Another innovation is the requirement that judges be not affiliated with any political party and the prohibition against their engaging in political activities while in office.

The previous "makeup" of voivodship court presidents consisted 100 percent (!) of members of the former PZPR. The 43 presidents (one district was not staffed) included two women. Most were 50 to 65 years of age (34 judges), and only one president represented so-called youth (31-35 years of age).

Now these proportions have changed markedly. One more woman was appointed, and judicial personnel as a whole became rejuvenated. Now most of the presidents are 40 to 45 years of age (20 presidents) and 31 to 39 years of age (12 presidents). They all had previously been

judges of voivodship courts and their "political geography" prior to their appointment to court presidencies was as follows: 24 belonged to the former PZPR, 5 to the Democratic Party, 3 to the United Peasant Party, and 12 were nonparty members. In only one case, the election of Wojciech Jarzemski (43 years old) to the presidency of the Bydgoszcz Voivodship Court, the fairness of the decision was questioned: it was protested (as shown on the daily TV news broadcast) by the "Truth and Justice" Political Association in Bydgoszcz, which accused that judge of "zealous execution of repressive legal orders during the martial-law era" (the background of this case was discussed in issue No. 9 of PRZEGLAD TYGODNIOWY, which argued that these accusations provide grounds for suing their author for slander). Roman Ziolkowski, chief of the Section for Judgeship and Notarial Personnel at the Personnel Department of the Ministry of Justice, views the new presidents as energetic individuals and ambitious learners; at least that was how they proved themselves at the conference recently held at the ministry.

Women preside over voivodship courts in Warsaw, Krakow, and Ostroleka. In Warsaw, there is Grazyna Zwierzchowska-Ruiz (52 years old), a criminal lawyer by training. Early in her career she had kept the minutes of the trial of Kuron and Modzelewski in the 1960's (the affair of the letter to the Central Committee) which, as she remembers it, ended at one o'clock in the morning. Later, as a county judge, she examined cases of road accidents, and subsequently, without being asked (as a consequence of her participation in Solidarity) she was assigned to insurance cases, and more recently she handled appeals at the criminal department of the voivodship court. The judges of whom she is president are mostly women. Her hobbies: by vocation, writing justifications of rulings, and by avocation, foreign travel, reading books, and husband (a Spaniard, a foreign correspondent in Poland).

In Krakow the court president is Elzbieta Sadzik (48 years old). She also is a criminal lawyer by training; among her more interesting cases she recalls the theft of paintings from the National Museum in Krakow, the abuses at the enterprise for restoring that city's landmarks, and a scandal relating to foreign trade in computers. She was a member of the judicial committee of Solidarity and a secretary of the commission for criminal law under the chairmanship of Prof. W. Wolter, whose work and recommendations are currently being utilized in codifying criminal law. Unmarried, she names among her hobbies theatre (she likes best Stary Theatre in Krakow and Powszechny and Wspolczesny theatres in Warsaw), mountaineering, and her cocker spaniel Agata.

In Ostroleka there is Barbara Chojnowska (35 years old), a civil law expert, who specializes in law of inventions and housing and cooperative laws. At her voivodship court there are only two males among the 10 justices. The new president is reluctant to talk about herself and requests that her privacy be respected.

The oldest court president is Justice Boleslaw Samolinski (70 years old), in Wloclawek, and the youngest, Stanislaw Raczkowski (33 years old), in Legnica. Below we present brief biographies of some of the remaining 33 court presidents.

In Gdansk, Zbigniew Szczurek (58 years old). "In theory I am a criminal law expert, but in practice I am a civil law man," he said. He has authored many articles in the legal press as well as books, including "Oszustwo w handlu na szkode nabywcy w swietle prawa karnego" [Commercial Fraud at the Expense of the Buyer in the Light of Criminal Law] and "Prawo karne wojskowe i skarbowe" [Military and Treasury Criminal Law] (coauthor), and also "Kryminologiczne i wiktymologiczne aspekty sprawstwa oszustwa w handlu na szkode nabywcy" [Criminological and Victimological Perpetrations of Commercial Fraud at the Expense of the Buyer] and "Egzekucje na rzecz wlascieli zamieszkalych zagranica" [Executions on Behalf of Owners Residing Abroad]. On 12 December 1981 he became a candidate (at first successfully but later, owing to the subsequent course of events [the imposition of martial law], unsuccessfully) for president of the Gdansk Voivodship Court (previously he had been president of the District Court, but was recalled from that post after martial law). He did not belong to Solidarity ("At present," he said, "we are trying to create the right atmosphere toward three fellow judges who had in the past been recalled owing to their political beliefs but have now returned to work"). He is Senior Lecturer at Gdansk University and director of the local branch of the Institute for Research into Law Applied in Law Courts. His hobby: kayaking.

In Lodz there is Grzegorz Szkudlarek (40 years old). A civil law expert and "nonparty member since birth," he had issued a verdict in, among other cases, the case of Marek Edelman in 1983. He chaired the National Representation of Employee Councils at the Administration of Justice (which 2 years ago still operated informally but now acts as the trade union of the judiciary) and is vice chairman of the District Commission for the Investigation of Hitlerite—and soon perhaps also, he adds, Stalinist—Crimes. Together with a group of judges and prosecutors he is working to collect funds and organize camps for children from broken families. He is not in agreement with the opinion, expressed in GAZETA WYBORCZA, that the reform extended only to the district court in Lodz whereas at the voivodship court things go on as before, although he admits that the disintegration of the judicial community in Lodz has been considerable. He shares the view of Minister Bentkowski that only new people in leading posts in administration of justice can be the key to reforms in that administration. A recent coup of the voivodship court was the takeover of dossiers on Gestapo confidants. The salary of this president is 1,700,000 zlotys. His hobbies: contemporary history and sailing.

In Bielsko-Biala there is Pawel Wegrzynek (49 years old), a criminal lawyer by training, he rules on cases of homicide. Among his more interesting cases there were

the Cichy trial, a homicide with a homosexual background, and the escape from the Wadowice Penitentiary, during which two guards were killed. Hobby: reading books (actually, anything about Stalin) and the press.

In Opole, Tadeusz Dominczyk (54 years old), a civil law expert specializing in appeals in cases concerning obligations. He was one of the five voivodship court justices belonging to Solidarity, and because of this he had been recalled from the post of training director at the Opole court. Hobbies: hunting (especially big game), cultivating his land plot (4,700 sq m) and stamp collecting.

In Koszalin, Piotr Tykarski (63 years old), a civil law expert, specializing in the law on promissory notes, a law which had until recently been in disuse in this country but now is returning to judicial practice. He is training scholars in that law. Closest to his beliefs are the comments made by Premier Mazowiecki, whom he values for representing the moderate and conciliatory orientation. He relaxes best by reading belletrist literature and going to the seacoast. The corpus of judges over whom he presides was and remains very cohesive.

In Lublin, Marek Kielasinski (59 years old), a criminal law expert, member of a commission for judicial examinations in criminal material law, and founder of Solidarity at the voivodship and district courts in Lublin, he collaborated with the commission for the reform of law under the direction of Prof. Dr. W. Wolter. Among his decorations he prizes most the Badge of the Honorary Blood Donor and the Badge of Friend of the Child. His wife Anna chairs the Department for Minors at the District Court, and one of his sons is himself a judge in Opole Lubelskie. Hobbies: music (Chopin, Tschaikovsky, Beethoven, Mozart—Tschaikovsky's Ninth Symphony is closest to his heart), collecting piano concert notes, and reading (most recently Meretik's "The Night of the General" and Newerly's "The Forest Sea").

The reinstatements of members of the judiciary who had in the early 1980's been forced to quit their posts owing to their political beliefs are just about ending; some of them chose early retirement. So far the number of the returned judges has totaled 38.

#### **Lodz Citizens Alliance: Competition for Solidarity's Citizens Committee**

90EP0560A Warsaw *POLITYKA* in Polish No 17,  
28 Apr 90 p 6

[Article by Krzysztof Krubski: "Lodz's Landscape: What Are the Mayor's Beliefs?"]

[Text] Last fall Waldemar Bohdanowicz became the mayor of Lodz. Since we are a land of paradoxes, it should not be surprising that a representative of Rural Solidarity was elected the mayor of the capital of blue-collar workers in this country. Bohdanowicz himself was not, to be sure, a member of that Solidarity, but it was precisely farmers who had nominated him for the mayoralty. Lodz is, along with Warsaw and Krakow, a

city-voivodship. Thus, in practice, Bohdanowicz became Poland's first Solidarity voivodship governor. When he first entered his new office in the Lodz City Hall, he ordered removing the bust of Lenin and put on his desk a picture of the Virgin Mary. When asked whether this meant replacing one religion with another, he rejoined, "Lenin was there for everyone to see. The Virgin Mary is small, faces me, and is my private affair alone."

The religious views of the mayor are, of course, his own business, but his political views are not. Bohdanowicz himself avoids making explicit statements, but he admits that he had never felt close to the PZPR. It looks like he prefers to be evaluated according to his deeds and not words. If that is so, his personal decisions are unequivocal: he picked Grzegorz Palka, the head of the Lodz branch of the Christian-National Association [ZCh-N], to be his vice mayor, and his press spokesman is Benedykt Czuma, also of the ZCh-N. His chief of staff does not conceal his liking for conservatives.

#### **A Rising Star**

Bohdanowicz's political base was and is the Lodz Citizens' Alliance, a grouping of parties, associations, and organizations formed a year ago. It associates more than 40 members and observers representing political parties such as the ZCh-N, the KPN (Confederation for an Independent Poland), the Greens, the Labor party, General Kaminski's Polish Peasant Party, and the National Party, along with clubs and associations such as the Club of the Catholic Intelligentsia, the Merchants' Association, the Lodz Economic Society, and organizations whose names at least seem to have nothing in common with politics, such as the Civitas Academica Union, the J. Pilsudski Social Committee, or the Poland-USA Society. The diversity is indeed great, but the selection is not accidental.

For they all are linked by their political preferences.

"We are a center-right grouping," said LPO [Lodz Citizens' Alliance] Secretary Elzbieta Hibner, and it is from this standpoint that we view candidates. We are an association of independent, oppositionist parties and organizations, and by this I do not mean those which have declared themselves to be in the opposition as recently as half a year ago. One proof is, for example, that we refused to accept the ZSMP [Union of Polish Socialist Youth] and the UCh-S [Christian-Social Union] in our grouping.

The concept of the center-right is interpreted by the LPO in such a way as to accept the coexistence within a single organization of the Movement of Free Democrats [RWD] and the Conservative Club. The founder of the RWD Karol Glogowski defines the political views of his party as follows: "The rights of the individual, grassroots democracy, equal treatment of all [private, state, cooperative] sectors of the economy, consulting the society, a genuine cooperative movement, and the teaching of self-government autonomy. The Left exists and the Right is increasingly prominent, but little is happening at

the center. So it is this centrist position that we would like to occupy—officially, because in reality we have been occupying it for years in the underground.”

The views of Jacek Bartyzel, the chairman of the Conservative Club are reflected in his comment on the constitutional amendment adopted last December in favor of “a democratic rule-of-law state”: “Democracy is only one among the possible systems of society, and it always faces the peril of moral relativism and tyranny of the masses ensuing from the pernicious and godless principle of the so-called sovereignty of the people.” And this is how he views the fact that the concept of the principles of social justice was left unchanged in the Constitution: “Always imprecise and undefined, it has long been a slogan serving the actual forces of darkness headed by socialism to undermine the moral and social foundations of the Latin civilization, to plunder spiritual and material boons under the ‘majesty of law.’”

The political leaders of the LPO are two Sejm deputies from Lodz, members of the OKP [Citizens’ Parliamentary Caucus, Solidarity], Stefan Niesiolowski and Andrzej Kern. Niesiolowski is the same person who campaigned to the last in the Sejm in favor of placing a cross-topped crown on the head of the eagle [the national emblem], who supported Deputy Lopuszanski’s proposal to nationalize the assets of the PZPR, and who has been ardently and steadily accusing Michnik and his newspaper of leftist leanings. To him the times of the rule of the right have arrived, and “the times of the right re not the times of the left.” Somewhat more moderate in his views is Attorney A. Kern, who however believes that the OKP should soon break up into political factions. “Lech Walesa’s team has won the game and done its work. Now everyone should play on his own.” Kern himself belongs to the RWD.

The LPO claims that Poland should proceed in the direction of parliamentary democracy, which means a free interplay of the political forces represented by the parties. It does not mean anything that at present the parties are weak, even such old ones as the Confederation for an Independent Poland, or such well-publicized ones as the ZCh-N, which admit to having only several hundred members each in Lodz. The elections to local governments will show how many people who actually belong to no party will vote for them. To maximize that number, they have nominated their own candidates for all the districts and are trying to win all the 80 seats to the Municipal Council. They have their own election center near Piotrkowska Street in downtown Lodz and they publish their own weekly on superior-quality paper and have been allotted a page of their own once a week in *DZIENNIK LODZKI*. Moreover, they are supported by the Solidarity weekly *SOLIDARNOSC ZIEMI LODZKIEJ*, and their support is enjoyed and reciprocated by the head of Lodz Television. Their electoral list contains the names of Bohdanowicz and Palka.

### A Falling Star

A year ago the [Solidarity] Voivodship Citizens’ Committee [WKO] had no competition in Lodz. Marek Edelman, Iwona Sledzinska-Katarasinska, and an hundred or so of their associates, with pictures of their candidates posing with Walesa, had won the elections. To be sure, voter turnout in Lodz was poor and runoff elections for the Senate had to be conducted for Professor C. Jozefiak and Colonel J. Plocienniczak, but ultimately the victory was complete. Everything seemed favorable...the allied and grateful Sejm deputies and senators, the close relations with the leadership of “official” Solidarity, the popular trust reflected in the elections.

But the fall brought with it the first cold shower. The WKO candidate Jerzy Drygalski (at present a liquidator of the former PZPR-controlled RSW Workers Publishing Cooperative) lost the mayoralty contest to Bohdanowicz. For the first time the LPO demonstrated its strength. This was all the more dismaying because the WKO leadership regarded the new leaders as ungrateful children. For it is true that nearly all the LPO leaders had emerged from the WKO structure headed by M. Edelman. The second defeat was already suffered in the winter, when Marek Markiewicz became the head of Lodz Television, beating out Iwona Sledzinska-Katarasinska. And the third, and perhaps most painful, defeat occurred already this year when Andrzej Slowik replaced W. Juszczak, a WKO member, as the head of the Lodz Solidarity.

How did it happen? The answer would be a mixture of politics, tactics, and personalities. In the opinion of the WKO leadership, Bohdanowicz won the elections because he gained the support of city councilmen from the former PZPR, while Markiewicz won because he was a Bohdanowicz man, and Slowik won by just one vote, that is, rather by accident, and what is more the mayor had expressly and publicly voiced his support for him. But differences of substance also exist between the WKO and the LPO. Niesiolowski and others accuse Edelman of leftist leanings. He rebutted this accusation by writing in the Lodz supplement to *GAZETA WYBORCZA*, “Of course, if our belief that Solidarity means help for the weak, freedom of speech, prosperity for all, and equal rights for all regardless of the color of skin or religion, is a leftist belief, then we are leftist. We do not want a monarchy, and we do not want glaring contrasts between the poor and the rich. We desire a free and prosperous country. That is the kind of leftists we are.”

Edelman also counterattacks. In his opinion, it is difficult to understand how supporters of democratic views can coexist with proponents of restoration of the monarchy within the LPO, because such an alliance is bound to mean that some of the participants have to relinquish their principles. He believes that it is precisely those democrats that have to pay the price. Edelman claims that political parties are still in the embryonic stage, being weak, lacking firm contours and a broad base of

support. To compound the problem, the public is not interested in parties at present, being hypersensitized to the word "party" after four decades of real socialism. It may be that the time for the parties will come some day, but for now the citizens' movement, which proved itself so well last June [in the elections], must be continued. And it is precisely the WKO that represents this movement.

Lastly, Edelman's main argument is that if the center-right represented by the LPO really desires what it is declaring, then its component parties should offer separately their own candidates for elections. What do they need the LPO "umbrella" for if they really believe that their time has come?

It is not surprising that in a situation of mutual recriminations and prejudices the WKO has its own list of candidates. But neither that list nor the list of the LPO is authorized to brandish the symbol and support of Solidarity. Slowik was firm: "Either you reach an agreement and put forward a common list of candidates with Solidarity's support or neither of you will get that support, and you will be sued in court if you claim it illegally."

The accusation of inconsistency employed by Edelman has turned against him. If the WKO is not a grouping of political parties but exclusively of persons of stainless opinion and acknowledged authority, why is it that the Lodz branch of (J. J. Lipski's) Polish Socialist Party has announced that some of its candidates will be on the WKO's lists? So then, after all, a political party, too, has a say within the WKO. What is more, recently the PPS has ostentatiously withdrawn from the LPO.

#### A Constellation

At the apogee of the dispute between the LPO and the WKO some members of the Lodz SO wrote an open letter to their chairman urging him to resign because his

style "fits rather the first half of the 1950's" and "your undoubted abilities manifest themselves chiefly in bureaucratic operating procedures and opportunistic and sham actions," while defining some of the resolutions adopted at his urging as "compromising our Party. The leaderships of the two competing Polish peasant parties, the Odrodzenie [Rebirth] PSL and General Kaminski's PSL, also engage in mutual recriminations, accusing each other of schismatic actions and untruths. The SdRP [Social Democracy of the Polish Republic, one splinter of the former PZPR] is sitting silently in the building left to it. It is looking for allies, although certainly it will have to face the struggle alone. Even so, it is anxious to put forward candidates for all the election districts. As for the intentions of Fiszbach's party [the other splinter of the former PZPR], they are unknown as yet.

All this is happening in a city which had believed, on being so persuaded also by ministers of state, that the Balcerowicz [shock therapy] Plan was no threat to it. Laymen might moreover confuse the terms "market economy" and "market industry." But it turned out that the rise of a market economy may occur at the expense of a model market industry. Nowadays unemployment in Lodz is greater than anywhere else in this country, and recession in the light industry is, next to food industry, greater than in any other industry. As for the low wages, no one is mentioning them because other problems are greater.

In a month the Lodzians will be handed ballots with several different electoral lists. By that time unemployment will certainly increase by several thousand and several more factories will receive notices from banks denying them further credit. How many Lodzians will vote? Which candidates will they cross out? Of a certainty, those whom they will hold responsible for the existing situation. But, who will they be?

## CZECHOSLOVAKIA

### Capital Base Age, Modernization

90CH0094B Prague STATISTIKA in Czech Mar 90  
pp 121-126

[Article by Eng. Karel Novotny, candidate of sciences, Research Institute for Socioeconomic Information and Management Automation, Prague: "The Technical Level of the Production Base and Its Renewal"]

[Text] Currently, enterprises are embarking upon qualitatively new conditions in their management. However, they are beginning their activities with a technical base which is the legacy of the previous development which was predominantly extensive in nature.

The Czechoslovak statistical system has at its disposal a relatively comprehensive set of indicators involving natural and value reproduction of basic assets, their utilization, and their technical level. From the beginning of the 1970's, these indicators have been incorporated into the automated database, facilitating a number of analytical evaluations, ranging from the enterprise level to national economic aggregations. A number of analyses were worked out to reflect the intensity of reproduction attributed to our material-technical base and the results of the statistical analyses are utilized in the management sphere. All analyses and studies lead to the conclusion that the technical level of our production base is low and is declining further over recent years. As a result of the negative effects of the directive model of management, its renovation was expressly slowed down.

During the current period, it is urgently necessary to embark upon the modernization of the production base,

its renovation to a higher level, both in the area involved in the reproduction of basic assets as well as with respect to manpower.

The purpose of this article is to summarize some of the findings in analyses which have been accomplished thus far, to attempt to provide more detailed information on some aspects, and to contribute to solving those tasks which are topical in the current period.

Our economy has at its disposal an extensive, but quite obsolete material-technical base. This can be documented with a few statistics. In 1988, basic production assets amounted to more than Kcs 2.5 billion (in comparable prices for 1984), with buildings and structures accounting for almost Kcs 1.5 billion and machinery and equipment for more than Kcs 1 billion (in 1984 prices). However, the predominant portion of basic machine assets is obsolete.

Statistics show that the situation is particularly unfavorable in industry, although a number of other branches have low technical levels. In our analyses, the problems of the infrastructure, which had been neglected for many years, is frequently disregarded (infrastructure problems which primarily involve transportation, communications, but also the nonproductive branches), despite the fact that its creation and perfection is an essential prerequisite for the development of the entire national economy.

With what kind of technical level in their production base are our enterprise collectives beginning to manage independently?

The most comprehensive characteristic can be had by examining the age structure of basic assets or the average age of basic assets.

Table 1  
Average Age of Basic Assets in Years<sup>1</sup>

	1976	1983	1987	1990 (Estimate)	Change for Period 1976 Through 1990
Socialist sector total					
Buildings and structures	25.6	24.2	23.7	23.2	- 2.4
Machines and equipment	10.4	10.7	11.8	12.2	+ 1.8
Including industry					
Buildings and structures	22.6	22.3	21.0	20.6	- 2.0
Machines and equipment	11.5	11.9	13.1	13.6	+ 2.1

<sup>1</sup>Weighted arithmetic average computed on the basis of economic data in comparable prices

Table 1 briefly characterizes the extensive nature of our capital construction. For decades, enormous sums were allocated in our economy for capital investments, the capital measure was one of the largest in the world, the plans for capital construction were fulfilled and even exceeded and yet the age of machinery and installations as a basic parameter of the technical level is constantly growing, machines are "aging." It is a paradox that the

construction component of basic assets was being reproduced relatively favorably—the average age of buildings and structures is declining.

The material-technical base was essentially expanding constantly with the number of physically and morally obsolete machines which were being scrapped being held

to a minimum. The measure of liquidation<sup>1</sup> pertaining to basic production assets has been low in the last few decades, it was being lowered still further and, in recent years, stabilized at a value of 0.9 percent for the overall basic production assets and 1.7 percent for machines and installations (in industry, the figure was 1.4 percent for machines and installations).

The retention of obsolete machines in production leads to an overall low technical level and to the inadequate utilization of the machine base.

Table 1 indicates that in industry the average age of machines is approaching 14 years and because the renovation of the machine inventory has strong inertia characteristics given stagnating capital construction, it can be anticipated that it will rise still further even in the next five-year plan. At that, we are dealing with average values, in a number of branches and disciplines extreme values exist and are very disturbing, as we shall see later. Based on the average age, we can determine that the period of utility for machines became extended toward the end of the present

five-year plan to approximately double the average age, that is to say, 24 to 28 years. And this is an inappropriately long time for the realization of scientific-technical progress in this area.

The average age is a very cumulative indicator and, like any average, only constitutes some kind of an initial signal. A number of other indicators, however, complete the picture. Thus, for example, the indicators of the age structure (dividing the number of machines into certain intervals of time according to age) tends to prove that the share of the youngest machines in recent years is declining and the share of the oldest "generation" machines is increasing. Expressed demographically, the machines are "dying out."

Moreover, the indicator of average machine age is distorted by the computation of value data in a downward direction. This is not even prevented by recomputing starting data in terms of comparable data. Average prices for machines and installations are growing constantly and, thus, younger machines "weigh more" in the computations than do the old ones. This is documented in Table 2.

**Table 2**  
**Average Price of Machines and Installations as of 30 June 1987**  
**(in Kcs in comparable prices)**

	Machines and Installations by Age				
	0-5 Years	6-10 Years	11-15 Years	16-20 Years	Older Than 20 Years
Rolling equipment	6,970	5,247	4,286	3,180	3,348
Metal-cutting machines	226	198	113	72	62
Metal-forming machines	207	185	134	105	75
Textile machines	116	115	108	87	41
Freight railroad rolling stock	301	245	180	147	104

Data in Table 2 are computed on the basis of the most recent statistical investigations and based on the age structure of machines and equipment through 30 June 1987. With respect to selected types of machines and equipment, average prices of the youngest machines are two to three times higher than those of the machines which are more than 20 years old. The above development of average prices, naturally, also includes a rise in the technical level of the acquired machinery. However, because the rise in prices is higher than the rise in technical parameters for new machines, part of the price increase can be considered to be a manifestation of a hidden price rise.

The data explain the largely justified complaints of workers in production enterprises, namely that prices of new machines are substantially higher than the prices of scrapped machinery and that this is the reason that write-offs are not even adequate for the mere reproduction of basic assets. The question arises whether, for the above reasons, the reproduction of the machine base in enterprises which are managing independently will not slow down even further over the next few years?

Data from the most recent investigation, mentioned above, indicates that, in the national economy, we have

approximately 14 percent of obsolete machinery—machinery which, for purposes of this article, is considered to be older than 20 years of age (in agriculture and in the construction industry, the obsolescence borderline is substantially lower, in the energy industry, in metallurgy, and in other branches it is again higher). In terms of value, the above 14 percent represents approximately Kcs 140 billion and, in the opinion of our economists, is part of the internal debt of the Czechoslovak economy. The replacement of this machinery with new machines, given the relationship between the prices of scrapped and new machines, would require Kcs 300-400 billion, which represents the machine investment for an entire five-year plan.

Approximate computations lead to the conclusion that the real average age of production machinery is 2 to 3 years higher than the numbers shown in Table 1. This can be proven by comparing the average age of machines in selected disciplines while computing value data and the number of machines. In making computations based on the number of machines, the average age comes out higher, as we show in Table 3.

Data for disciplines in which basic assets have been classified uniformly are listed in the table by so-called measures of obsolescence, that is to say, according to

the ratio between the anticipated (actual) life span of machines and the period of write-off.

**Table 3**  
**Age and Life Span of Selected Types of Machines**

	Average Age		Anticipated Life Span	Write-Off Period	
	1	2			
	In Years				Indicator (3:4)
Uniform Classification of Basic Assets	1	2	3	4	5
Machines and equipment for sugar mills, breweries, distilleries, etc.	12.4	31.9	58	14	4.1
Machines and equipment for wood processing industry	9.3	16.8	36	10	3.6
Machines and equipment for glass industry	10.4	15.0	39	14	2.8
Machines and equipment for earthwork, construction, and highway construction	7.0	9.2	19	7	2.7
Metal-cutting machines	13.1	17.4	36	14	2.6
Machines and equipment for chemical industry	10.5	18.5	35	14	2.5
Machines and equipment for production and processing of cellulose, paper, and cardboard	11.5	17.5	42	17	2.5

<sup>1</sup>Based on value data

<sup>2</sup>Based on number of machines

In the socialist sector of the national economy, machines and installations are written off over an average of 14 years; the actual life span, measured in terms of turnover time, is, however, currently 24 years. In recent decades, the turnover time for machines has constantly increased; for example, it rose in industry from 25 years in 1971-75 to 28 years in the years of the last five-year plan. There has been a long-time deep disharmony between the progress of natural and value reproduction pertaining to basic assets. After reaching the anticipated life span, machines and installations are no longer written off at the expected write-off rates and burden the cost sides of enterprise ledgers only with costs for repairs and maintenance. The actual life span of machines and equipment is currently at least 10 years longer than is anticipated by write-off standards, which call for an average of 14 years.

The question of the magnitude of write-off standards is a much-discussed problem and is not the object of this article. I only note briefly that the contradiction in this financial category lies in the fact that the write-off norms are relatively high (a relatively low life expectancy) in comparison with the actual life expectancy of machinery which results from the low intensity of scrapping and the low degree of utilization of our production base.<sup>2</sup> On the other hand, the standards are relatively low from the standpoint of utilizing financial means for constantly more expensive renewal of the technical base and as a result of the undervaluation of basic assets from the standpoint of reproduction prices, something which we will discuss further.

Nationally announced write-off norms can never take into account individual requirements of simple or even expanded reproduction pertaining to basic assets in individual enterprises. Growth programs will have a shortage of write-offs, programs about to be suppressed will have a surplus. Within the framework of the various disciplines for which these standards are announced, the economic life expectancy of individual types of machines can vary quite substantially. There also arises the question of the working regime (in a three-shift or continuous operation, life expectancy of machinery is substantially shorter and premature scrapping is a money-losing proposition for the enterprise), the toxic nature of the environment, etc. On the other hand, life expectancy can be extended by exemplary care devoted to basic assets, by maintenance, and by doing repairs.

For all these reasons, it would be desirable for enterprises to have the opportunity of selecting write-off norms or even the method for writing off equipment in accordance with their own economic considerations within the framework of certain regulations (for example, within established limits, up to a certain upper limit, etc.).

In any event, write-offs are a financial cost-accounting source for simple or even expanded reproduction of basic assets and cannot be drawn off by the state. The redistribution of write-offs among enterprises, which is valid today, is a temporary measure of debatable merit. It is intended to at least somewhat mitigate the imbalance which exists in the capital base of the production sphere. Enterprises having relatively older basic assets



which have been, in part, already fully written off, have a handicap in the new economic mechanism in that they create smaller resources for the renewal of these capital assets than do enterprises having more modern basic assets. The degree of wear and tear makes a very incomplete indicator with respect to the redistribution of write-offs, because its magnitude depends on the quality of the write-off standards (and these can be brought into doubt), on the structure of the basic assets (a relatively higher share of buildings and structures lowers the degree of wear and tear), on the degree of write-offs (in

writing off up to 100 percent of the acquisition price, the degree of wear and tear with respect to a fully written-off basic asset no longer increases), and, last but not least, upon the value placed on the basic assets.

I will add a few remarks with respect to the latter problem. Enterprises are entering into the new system of management with undervalued basic assets. According to calculations, today's value of basic assets is lower in comparison to reproduction prices by some 20 percent, with the degree of undervaluation in various branches, disciplines, and enterprises also varying.

**Table 4**  
**Index of Reproduction Prices for Basic Assets**  
(in percent)<sup>1</sup>

	1985	1988	1989	1990 (Estimate)
Total basic assets of socialist sector	124.9	121.3	120.2	119.1
Buildings and structures	131.1	127.5	126.4	125.2
Machines and installations	108.8	106.0	105.1	104.2

<sup>1</sup>Prices for 1989 (1st half—plan) divided by current prices times 100

Enterprises having old basic assets have a higher degree of undervaluation than enterprises with more modern basic assets. In other words, old enterprises have relatively fewer financial resources for renovation as a result of write-offs than do new ones, although the economic need for financial resources is just the opposite.

According to conclusions adopted, the repricing of basic assets is to be accomplished in the course of the next five-year plan by the coefficient method combined with individual valuation.

If the revaluation was carried out only using the coefficient method according to statistical indexes of wholesale prices, the entire volume of write-offs would increase by about 20 percent, including that for buildings and structures by 25 percent and machines and installations by 4 percent. This estimate, of course, does not

include the development of prices over the next five-year plan. The price index for machines appears to be unrealistically low and, therefore, it will clearly be necessary, in considering methods of repricing, to figure on the application of individual pricing methods, particularly with respect to machines in aggregate production processes and for imported machines.

I believe that enterprises should be given the opportunity, within the framework of certain limitations, to set the prices of their basic assets for purposes of write-off rates on the basis of their own knowledge of current reproduction prices.

The last area with which I wish to deal is the problem of several aspects of the efficiency of basic asset reproduction.

It is an unfavorable phenomenon, but the efficiency of basic assets has been declining in the long run.

**Table 5**  
**Efficiency of Basic Assets<sup>1</sup>**  
(in percent of comparable prices)

	1975/1970	1980/1975	1985/1980	1988/1985	1988/1970
Means of production	100.0	88.5	84.0	84.6	62.9
Industry	102.3	89.2	82.9	100.7	76.2
Construction industry	91.2	74.5	83.2	88.2	49.9
Agriculture	80.7	71.2	72.5	76.1	31.7

<sup>1</sup>Created national income per Kcs 1,000 of basic assets

Over a period of 13 years (1976-88), the efficiency of basic assets declined by virtually 40 percent, with the decline constantly accelerating. Whereas in the 2d half of the 1980's the efficiency of basic production assets declined by 2.4 percent per year, in the years of the current five-year plan the average annual decline already amounted to 5.4 percent.

The decline has a number of causes; the most common factor is the long-term slowdown of economic growth, the growth of average prices for basic assets which is not commensurate with increases in their technical parameters, and the low intensity of reproduction pertaining to basic assets.

The efficiency of reproduction pertaining to basic assets is connected also with the problem of repair and maintenance. As a result of the considerable volume of fully written-off and obsolete machines, it is necessary to expend considerable sums on their repair and maintenance. The volume of these funds is constantly growing. In industry, the annual expenditures for repairs and maintenance of machines and installations amount to almost 90 percent of the funds allocated for machine investments; in some branches (for example, in metallurgy), expenditures for maintenance are double the expenditures for investments. In 1988, the expenditures for maintenance throughout the national economy amounted to Kcs 114 billion, including Kcs 65 billion for machine and installation maintenance. It is clear that repairs and maintenance have as their goal essentially only the elimination of the consequences of physical wear and tear and the renewal of the utility parameters of basic assets. It is only rarely that repairs are connected with modernization.

To repair machines which are more than 10 years old is very expensive because it generally requires the individual production of spare parts. Individual production is expensive and labor intensive. In industry, more than 1 million workers are engaged in maintenance operations.

The above findings lead to the conclusion that an essential prerequisite for the functioning of the new economic mechanism is the modernization of the production base, its ability to operate, and its optimum structure. The way out of today's situation must be the radical liquidation of parts of the obsolete machine inventory without replacement because economic considerations lead to the undisputed conclusion that to renovate the entire material-technical base at essentially the same structure is unrealizable and, in view of the necessary structural changes, is even superfluous.

In conjunction with the anticipated structural changes, the production base cannot be modernized flatly across the board, but only in stages with priority being given to progressive developmental areas. Modernization of the production base will require corresponding changes in the number and structure of jobs, in the structure of manpower, and will require further growth in the qualification and requalification of employees.

The creation of new economic instruments of management should help accomplish the above goals.

#### Footnotes

1. (Liquidated basic assets/Volume of basic assets at beginning of year) x 100.
2. Write-off norms are designed for the prevailing two-shift system of operation; however, in industry actual shift work amounts to 1.3 workers only.

### Italian Model Recommended for Enterprise Operations

90CH0079C Prague *HOSPODARSKE NOVINY*  
in Czech 13 Apr 90 p 1

[Article by Eng. Jaroslav Votruba: "Why Invent a Model When One Exists?"]

[Text] Creating a modern mixed economy with a significant public sector, one fully integrated into the world economy and capable of responding to changes in the world market's competitive environment, assuring in other words a full and competent entry of the Czechoslovak economy into its arena, requires meeting two main conditions. This is moving our economy gradually to world price relations, and giving a genuine, that is both legal and financial, independence to enterprises in a comprehensive system of assuring financial underpinnings for the economy. My article deals with the second condition, enterprise independence, which was also the topic in a discussion on "A Step Toward Higher Efficiency" (*HOSPODARSKE NOVINY* No. 14/1990).

Genuine independence of an enterprise can result from appropriate legal form and availability of sufficient capital base. If we analyze the forms in which enterprises in public ownership are founded and operated as they are practiced in various countries of the world, we arrive at the conclusion that the most efficient and simplest system exists in Italy and Spain.

#### Simplicity

The Italian system of capital sharing rests on a consequent financial underpinning of the state sector taking the form of operating joint-stock companies (that is, engaged in some sort of material activity such as trade, manufacturing, transport) and conducting their operations in full independence, as well as holding stock corporations which manage the state's capital share in operating joint-stock companies and through the presence of their representatives on boards of directors oversee the financial situation and results of these companies.

This is a wholly different system from other government enterprises (railroads, postal service, tobacco and so on) which are managed in the traditional manner, directly linked to the state budget and limited in financial self-management and self-financing.

Italy is the only country where, unlike in Great Britain, the FRG, Canada and others, there is no strong clamor for reprivatizing the government shares but rather to the contrary, for the railroads, posts and other government enterprises to be transferred to a system of government capital sharing, meaning that they should be operated under a distinctly entrepreneurial financial system.

The principal Italian holding corporations are IRI (Istituto Ricostruzione Industriale) and ENI (Ente Nazionale Idrocarburi).

### Flexibility

It is my view that in our present situation we could find no better solution than repeating what the Spaniards did a while ago. This is to incorporate the Italian experience in its full extent into the reorganization of our state sector, rather than creating big commissions which, considering the short time available, can hardly invent anything better.

Transforming all our state enterprises into joint-stock companies would offer the following advantages for the further development of this sector as well as for a parallel expansion of the private sector and their mutual interlinkage:

- Making possible a plurality of ownership and thus also genuine autonomy for the enterprise as a firm.
- Making it possible for employees, especially the management, to share in the enterprise's ownership.
- Creating opportunities for the internationalization of our enterprises, something regarded in the most advanced countries as a prerequisite for holding one's own on the level of world competition. This would open the way for capital input into our enterprises and participation of foreign partners in the management bodies of our enterprises, and conversely for Czechoslovak joint-stock companies' capital input into foreign firms (for instance in the form of cross-ownership of stock).
- Creating the prerequisites for the emergence of a Czechoslovak capital market and thereby making possible a continual assessment of the market value of Czechoslovak firms' shares. From this follows further that management executives of Czechoslovak joint-stock companies holding stock will have to manage their firms so as to raise the value of the stock and thus the value of their own stock holdings, rather than orient themselves to short-term goals such as merely year-end profit which may be easily achieved by neglecting investments, research, marketing organization, and so on.
- Making it possible to nominate top executives by owners who are interested in long-term future of the firm, rather than through election by employees who are often susceptible to attractive short-term promises and results.
- Offering a reduction in the state's directing role vis-a-vis holding corporations and these holding stock corporations vis-a-vis independently operating joint-stock companies to merely vertically conceived financial relations based on analysis, oversight and balance-sheet approval.

The Czechoslovak economy boasts several world-class enterprise conglomerates representing the top notch of Czechoslovak industry. Their continued existence and competitiveness on the world scale can be assured only

by means of a flexible and financially underpinned interlinkage, which will enable them to embark on the road to internationalizing their capital as well as managerial structures and release the still pent-up independence and activity of their plants which cooperate mutually in technology as well as marketing. Such giant conglomerates exist on the world market; they have arisen and grown especially in recent time with the growing integration of the world's economy and preparations for the European market.

### Competitiveness

It can be said that the world economy will be in the future increasingly more influenced by these giant international corporations. I will cite two examples from my experience. The French Alsthom concern entered a year ago into capital partnership with the British General Electric concern, thus forming a world-class firm with 80,000 employees and top-notch products (1,500 megawatt steam turbines, 200 megawatt gas turbines, the world's fastest TGV trains, the largest ocean liners, and so on). Another French concern, Alcatel CIT, effectively bought the telecommunication division from the international firm ITT, thus becoming the world's second largest telecommunications concern capable of investing 21 percent of its revenues, that is not just its profit, into research and development.

These giant mergers, with their concurrent spread of organizational structures into hundreds of foreign enterprises and subsidiaries, are a necessity for the Europeans to enable them to stand up to big American and Japanese concerns. In this "economic war" on the world market, accompanied with the aforementioned internationalization of enterprise structures and a radical revamping of production activities and products (from heavy engineering to automation and electronics), there is no point expecting that Czechoslovak enterprises, if they are broken up, can hold their own in competition with the giants unless they want to play the role of mere sub-suppliers to foreign firms, without much input and participation of our technical brainpower.

But let us recognize that exporting brain work is for each country the most profitable segment of its exports and the best way to find a place in the world economy. Conversely, the present system of management which stifles the decisionmaking independence of enterprises in the field of industrial policy, especially as regards investments, marketing strategy and export, and the separation of production from the world market by means of a state monopoly of foreign trade, is wholly untenable. It would mean a catastrophic lag for the Czechoslovak industry in its product mix, technological level, mechanical equipment of entire branches, and ability to penetrate demanding markets.

For these reasons it is urgent that we have a quick resolution to the Czechoslovak industry's status, legal situation, capital underpinning. It is necessary, across the whole spectrum of the national economy, to replace

the form of state enterprises with a system of joint-stock companies mutually interlinked both vertically and horizontally by tough financial discipline. No long-winded musings or state research targets known and discredited under the old regime will make up for the lost time. It is necessary to learn from the experience of others.

Right now time is our enemy because radical and profound changes and reforms in the Czechoslovak industrial system cannot be devised overnight, and delay in their introduction and particularly the introduction of financial discipline by means of putting the entire economy on a sound financial basis can bring us major economic problems of the kind Poland and Yugoslavia are grappling with. Therefore it is necessary to accept the challenge of seeking a ready-made functioning model of a mixed economy in the world and adopt, creatively but without embarrassment, that model as the Spaniards did from the Italians a while ago.

#### Photo Caption

To build a modern mixed economy with a public, government and private sector requires along with the privatization of a part of the existing state enterprises also the setting up of additional firms and companies. For instance late last year the joint-stock company Bonton expanded the narrow circle of our music publishers, with a program for producing records, publishing books and instruction manuals on musical topics, organizing concerts and so on.

#### Cooperatives as Share Holding Companies Viewed 90CH0110B Prague ZEMEDELSKE NOVINY in Czech 3 May 90 p 6

[Article by Eng. Ladislav Dvorak, chief economist of the Unified Agricultural Cooperative at Horacko, Volfovo, Okres Jindrichuv Hradec: "The Cooperative as a Joint Stock Company"]

[Text] In conjunction with the ongoing changes, the future of the cooperative sector in agriculture—that is to say, the JZD's—is increasingly the subject of discussion. There are opinions pointing to the need to liquidate the cooperatives, as well as opposite opinions which draw attention to the need to preserve them unchanged. The current demand for the unconditional liquidation of cooperatives, when agriculture is virtually the only area which is capable of satisfying the needs of our market, is, at the very least, debatable.

In this connection, there are no arguments which point to the example of Poland, where the food market is destroyed, nor such feeble-minded arguments as those who favor the dissolution of cooperatives using the example of Austria. On the other hand, in the light of ongoing changes, it is also not possible to emphasize demands for retaining the existing unnatural and inflexible agricultural management structure.

After more than 40 years of development, a number of agricultural cooperatives have found themselves in deep crises which are not so much economic crises as moral ones. This crisis was successfully damped under the previous central bureaucratic system of economic management, but, nevertheless, it is beginning to be fully manifested under new democratic conditions.

What is involved here is that over the years, the contradiction between the standing of a cooperative member as an owner and his standing as an employee has come to a head. As an employee, the member was represented only formally by the SDR and in reality he was denied any possibility of engaging in a labor dispute. As an owner, he had the same formal right to check on the management of the cooperative and the real execution of ownership rights was transferred to the state organs—to the administration or the departments of the Ministry of Agriculture and Food. Currently, the state has been compelled by democratic developments to return the usurped ownership rights to the hands of cooperative members which, in many instances, has resulted in even further disputes between owners and employees. It remains a fact that in the immediate future cooperatives must form appropriate institutions to facilitate the realization of these relationships.

One of the opportunities which looms in this context is the establishment of cooperatives on the basis of joint stock companies, something which will result in a whole series of complications however. On the one hand, there is the absence of experience involving the legal administration and the functioning of this form of undertaking; on the other hand, a number of problems will develop in setting land prices as an essential prerequisite for the valuation of that portion of the land which members brought to the cooperative. The price of land will, apparently, give rise to a broad discussion. It will obviously be necessary to set a dual price. On the one hand, the price which was effective at the time the land was taken for agricultural purposes (normally, 100 times the purchase price), and, on the other hand, the purchase price, the setting of which will be the most complicated. In determining the value of the contribution made to the cooperative, the contribution which is comparable with land—that is to say, without a doubt the human labor factor—must not be overlooked. Some method should be found to value the man-years worked in a JZD, all the more so since, for long periods of time, this work was not properly rewarded and values created by this work served to further expand cooperative property. In the end, even in the case of land, the quality of the land, the location, etc., need not in the beginning be valued in a complicated manner. If, in addition to labor, we consider land to be the principal source of cooperative values, then it is possible, for example, to value 1 hectare without major differences.

Then, the entire problem of distributing the property of the cooperative to stock capital would be a relatively simple action. Legal regulations would establish the percentage of cooperative property to be set aside as

stock capital (50 percent) and, in accordance with specific conditions, this would then be broken down by contributed years of work and contributed hectares (some degree of equality could even be established between a year worked and a hectare of land contributed). The detailed procedure could be entrusted to the jurisdiction of the cooperative membership meeting. Shareholders would then be able to assert their ownership rights at membership meetings depending on the magnitude of their capital properly—by electing the administrative council (the presidium), the chairman, by approving management rules, by setting the size of the dividend, etc. The jurisdiction of the membership meeting would, naturally, also include the conditions for the sale of additional shares. The membership would be divided into shareholders and employees (with the most varied possibilities of combination).

In other words, ownership would find expression in the shares and employee relationships in the establishment of a trade union organization within the cooperative. On the basis of this kind of institutionalized position of a present JZD member, it would then be possible to develop an entire scale of relationships—the sale of shares to selected employees after a trial period, the sale of shares under advantaged conditions in the event of a manpower shortage, the repurchase of shares from non-working shareholders, etc.

Such an arrangement of production relationships in rural areas could also help in developing the areas to a considerable extent and, of course, would not interfere with the concurrent existence of private farms. The ensuing period will bring about (or, should bring about) the return of the small-scale foodstuffs industry in the rural areas and in small towns. The renewal of the network of small dairies with regional specialties, small bakeries, breweries, etc., would be highly useful. The newly arising joint stock companies could be of significant assistance with respect to all of this.

Today, there is a call from all sides for the development of the private sector, although our Republic has many years of cooperative tradition. By utilizing these traditions and their combination with private entrepreneurial approaches, there could occur a relatively sharp development of the rural areas with the support of the state (tax relief, rescinding wage regulations). Joint stock companies could be in a much better position to take on entrepreneurial risk and would, at the same time, be guarantors for a certain level of entrepreneurship (certainly, no one among us would wish for the renewal of manufacture-type production).

Not even references to the repainting of establishments is justified in this case. After all, there will be a group of real owners (shareholders) with an interest in maximum dividends. Their consistent pressure to increase the profits of the undertaking will bear its fruit even in the growth of production efficiency and in the establishment of a real market mechanism for the production of foodstuffs.

A number of joint stock companies of this type would, over a short period of two to three years, create the prerequisites for entry into the foreign market—something which would take 10 years in the event of the artificial privatization of agricultural production and systematic establishment of private foodstuffs operations.

### **Agricultural Land Ownership Law Discussed**

*90CH0062C Prague ZEMEDLSKE NOVINY  
in Czech 3 Apr 90 p 7*

[Unattributed article: "Will the New Law Be Approved?"]

[Text] At our initiative and at the initiative of a group of delegates from the Federal Assembly and a group of specialists, the proposal of a law came into being which would change Law No. 123/75 Collection of Laws and Law No. 95/88.

Our party proposes and asserts that this proposal be approved as a new law which would, simultaneously, rescind the above-cited laws. We further demand that this new law remain in effect only for a period of 2 years and, thereafter, the law according to the Civil Code become applicable even in this matter.

### **On the Title of the Law**

"Law on the Ownership of Land, Agricultural Property, and Its Utilization." (The original title only emphasized utilization relationships and completely ignored ownership relationships.)

### **Section 1**

The right to use land and agricultural property is vested in the owner or the renter—tenant. The provisions of this law apply to agricultural owners at the state, cooperative, stock corporation, and private levels.

An agricultural organization is an enterprise which uses agricultural land and real estate.

### **Section 2**

1. The agricultural organization must negotiate the method of using parcels of land with all owners, provided it does not own the land itself, in accordance with the projected activity.

2. To the extent to which agricultural organizations intend to:

a) carry out modifications on land parcels necessary to the assurance or increasing of agricultural production, they may do so;

b) they cannot alter the essence of the land parcels and profit from them without the consent of organs of the land fund and without the approval of the owner;

c) they may erect structures on land parcels necessary to the activities of the agricultural organization, but only with the approval of the owner and with the provision that he will become a regular participant in the territorial proceedings involved.

3. All crops on land parcels utilized by the state agricultural organization are owned by the state—insofar as the state was their creator. All crops on land parcels utilized by a cooperative agricultural organization, to the extent to which it was their creator, are owned by that organization.

4. Where structures are being utilized, the agricultural organization may modify them only with the approval of the owner, who must be a participant in the construction proceedings.

### Section 3

An agricultural organization is obligated to protect rented property, including its own property. Moreover, a private owner is entitled to defend his ownership and utilization rights against anyone who engages in unauthorized infringement of this right.

### Section 4

The same rights and obligations as are applicable to the right of utilization according to this law also accrue to an agricultural organization with respect to land parcels which it utilizes on a substitute basis.

### Section 5

1. The right to use and dispose of a land parcel is vested in the owner from the day the existing user transfers use to the owner or from the day the decision by the okres national committee acquires legal validity.

2. The right of use accrues to the owner even with regard to agricultural facilities, including residential portions of agricultural settlements, from the day they are handed over by the existing user or from the day the decision by the okres national committee acquires legal validity.

3. In cases of dispute, the court shall render its decision in accordance with the appropriate provisions of the Civil Code.

### Section 9

A user to whom temporary use of land parcels for agricultural utilization has been granted may, with the approval of the owner, execute modifications and erect temporary structures necessary from the standpoint of agricultural utilization on them. The approval by the owner is a document without which the construction bureau may not issue a territorial decision, a building permit, or a notification that it has no objections to the planned construction.

### Section 10

1. An agricultural organization may transfer the right of utilization to another agricultural organization on the basis of a written agreement with the owner.

2. The transfer of the right to utilize land is always accompanied by payment of regular rental, which has been agreed upon with the previous organization, provided the owner does not make a different decision. The rental is paid to the owner of the land parcel by the new organization. If, however, the agricultural organization, whose right to utilize is being transferred, expended investment funds from its own resources for the utilization of real property, it may require the agricultural organization to which utility rights are being transferred to compensate it for these expenditures; the magnitude of these expenditures is determined by appraising the value of the investments as of the day of transfer of the right to utilize.

### Section 11

If it is in the national interest to transfer the right to utilize to another agricultural organization and in the event the agricultural organizations involved do not come to agreement regarding this transfer, the decision to transfer the right to utilize shall be made by the okres national committee, following an opinion by the appropriate organ of the state agricultural directorate.

In the event the owner fails to agree with the agricultural organization regarding the transfer of right to utilize the land parcel or regarding the settlement of property rights or other rights, the decision shall be made by the court upon the proposal of one of the parties to the dispute.

### Section 11a

The right to utilize the land parcel on which a small hydroelectric plant has been established can be transferred by the agricultural organization, with the approval of the owner, to that organization or the land parcel can be leased to a citizen by a written contract, the validity of which must be approved by the okres national committee.

### Section 12a

1. The okres national committee rescinds the right to utilize a land parcel upon the proposal of its owner, provided the former user has not already done so; the time of termination for the right to utilize an agricultural land parcel is set after the harvest, provided the owner does not agree otherwise with the appropriate agricultural organization.

2. Where the land parcel was built upon without the approval of the owner or where it was subjected to land improvement, irrigation, etc., the user is obligated to pay for and compensate for the difference in price. If the owner shall demand a substitute piece of land from the user, the organization is obliged to transfer another land parcel of equal value to the owner.

3. In the event the land parcel was planted to trees or permanent plantings (orchards, vineyards, hop gardens) with the approval of the owner, a property rights settlement must take place.

4. If the removal of the land parcel from the total landholdings of the former user would make it difficult for the owner to make rational use of the land, the agricultural organization is obligated to transfer a new land parcel of equal quality to the ownership of the owner.

5. For a certain time, the right to utilize can be transferred to the state, although ownership rights are preserved, particularly if it is not possible to reliably ascertain the owner. In such a case, a financial reimbursement must be deposited with the state notary's office, at least for a period of 3 years.

#### Section 13

1. The right to utilize in accordance with Section 5, Paragraph 1, does not arise in the event the agricultural organization is making use of agricultural property on the basis of a contract in accordance with the Civil Code No. 40/1964 Collection of Laws. In the event of leasing his land to an agricultural organization, the owner of an agricultural land parcel shall conclude an agreement with that organization in accordance with the Civil Code. The restrictions pertaining to the size of land parcels, according to the Civil Code, do not apply to agriculturally utilized land parcels.

2. The contractual obligations of agricultural organizations pertaining to the purchase of living inventory and supplies in accordance with Section 4 of Regulation No. 50/55 Collection of Laws pertaining to some measures intended to support agricultural production, which occurred prior to the effectivity of this law, remain untouched.

#### Section 14

The right to use real property is recorded in the real property register according to the regulations on recording real property. The rights of the real property owner are subject to registration by the state notary office.

#### Section 15

Government Regulation No. 50/55 Collection of Laws on some measures to support agricultural production is rescinded.

Agricultural organizations which utilize questionably acquired property, which have taken over property when the owner was unable to negotiate specifically, intelligibly, freely, and seriously, and which acquisitions are, therefore, invalid as of 26 February 1948, will be subjected to the provisions of a special rehabilitation law. (This law will treat property which was forcibly donated,

which was illegally expropriated at undervalued prices, property which was taken unjustifiably in the public interest, etc.)

Confiscations performed by state farms, to the extent to which they fail to return the property to the ownership of the owner upon his request, shall be handled within the framework of the rehabilitation law.

The justification report for changing Law No. 123/75 Collection of Laws and the utilization of land and other agricultural property to support production is listed below.

Agricultural land is one of the fundamental components of the life environment and, for now, the irreplaceable production means for agriculture. The land is practically a nonrenewable natural resource and has a basic significance not only in the production of food and some important raw materials, but is also a fundamental landscape-creating factor and one of the key components of the biosphere as a whole, it acts as a retentive and regulating factor in the hydrosphere, as a carrier of life, and is even an important climatic factor. It is in the public interest to properly care for the land, to properly utilize it, and to protect it. In the interest of perfecting the system of managing the land in accordance with modern viewpoints, it is necessary to undertake land modifications which correspond to new ownership relationships and, within the framework of these land modifications, to undertake soil-protecting (and improving) and landscape-creating measures.

To assure these goals, it is necessary to apply officially directed procedures involving land parcel modification in certain territories with the participation of all owners and current users of the land. The goal must be the lowering of production costs, the safeguarding of a suitable assortment and quality of foodstuffs, and the optimum utilization of land within the framework of a stabilized landscape environment. Essentially, what is involved is the harmonizing of the agricultural structure with the new policies of the state.

In principle, the requirement to create family enterprises assuring the family an appropriate standard of living accompanied by the utilization of the advantages of cooperative management should be given priority consideration. Moreover, it is necessary to figure on the continued existence of land under state ownership.

Together with the above, it will be necessary to appraise the entire agricultural land fund, to solve questions of rental and land lease rates in such a manner that, in the future, it might be possible to solve the relationship between owners by exchanging land parcels within the framework of certain holdings. Realization of this new state policy cannot be left to chance so that a decline in production cannot occur and the natural environment not be further disrupted, but it is necessary to establish land offices, which had proven their worth in the past. The tasks of these institutions should be particularly:

- The arrangement of legal relationships between land-owners and current users, taking public interests into account, particularly the interests of creating and protecting the land and landscape, but also public transportation, water management, construction, extraction activities, and territorial plans.
- The technical-economic arrangement of land parcels, encompassing the setting of land parcel borders, access and road networks in conjunction with executed land improvement measures.
- The setting of land prices with regard to the quality and location of the land, of the improved value of the land, setting of the magnitude of taxes or possibly even subsidies.
- The organization of the actual implementation of changes in ownership with respect to land, together with the participants in land parcel modification.
- The processing of the plan for land parcel modification and the determination as to the ownership allocation of the land, including ownership by social and public institutions (communications, flood control, irrigation, etc.).
- Until the approval of the law on land improvement, it can be anticipated that the functions of the office for land parcel modification will be temporarily handled by the appropriate national committee.

For reasons of the pressing need for changes with respect to ownership rights in agricultural property, we recommend that the text of Law No. 123/75 Collection of Laws be adopted in accordance with the proposed principles.

## GERMAN DEMOCRATIC REPUBLIC

### Railways' Status, Future Surveyed

90GE0087A East Berlin NEUE ZEIT in German  
3 May 90 p 3

[Interview with Minister of Transportation Horst Gibtner by Baerbel Moericke; place and date not given: "The Railroad Run to Rack and Ruin"—first paragraph is NEUE ZEIT introduction]

[Text] When Lothar de Maiziere's new governing team posed for photographers after the first constituting meeting of the Council of Ministers, he stayed way in the background: chief official of the GDR railroad and graduate engineer Horst Gibtner, a new face in the cabinet, but not in the Ministry of Transportation where he has been a staff employee—except for a two-year break—since 1969. He is a professional, studied railroad safety and telecommunications, was a development engineer in the Berlin Signal and Safety Equipment Works for four years. Now there is a green light for a totally new transport design to quickly bring about the inner-German transport union.

[Moericke] What are your ideas about this?

[Gibtner] From my work in the ministry I am familiar with the transport system, especially the railroad, and can very well imagine the carriers' infrastructure catch-up needs, that means, of course, roads, bridges, rail routes, but also rolling stock, motor vehicles, and railroads. We know that we have put a great deal of stress on our transport system in the past few decades. The railroad achieved records in Europe, but investment fell by the wayside, we went to rack and ruin. That is actually the greatest problem and it has a marked impact on transport quality. Everyone knows about the delays in train transport, everyone knows about the inadequate connections between railroad and bus transport, everyone knows the bottlenecks in public suburban passenger transport in overcrowded areas. Our vehicles are no match for the modern demands for quality. For all these reasons we are very pleased that even before we took office in de Maiziere's cabinet it was possible to engage in negotiations with the FRG Government to the effect that modern trains of the German Federal Railways will be put into use, especially for long-distance passenger transport and yet this year will even get to GDR cities.

Closing the gaps in the transport system on both sides of the German-German border is a very important task for the immediate future. The infrastructure here suffered enormously from the SED's [Socialist Unity Party of Germany] policy of demarcation, and it is urgently necessary, in view of the intensive increase in traffic between the two German states, to link the routes together again. Yet this year funds from the FRG's supplementary budget will be made available to do this as will funds from the transit lump sum and even exchange funds. In this way we hope to create in short order relief for the citizens on both sides of the border which still exists.

[Moericke] Freight transport was also a problem child. What is going to be done soon in this sector?

[Gibtner] In the future, with market economy attitudes, we will cease traditional state intervention in the selection of the transport means for freight traffic and make room for free competition by the carriers. In the future the customer can choose the most favorable means of transport to handle his transport problem.

[Moericke] Thus no more pressure to shift from the road to the railroad?

[Gibtner] No. This is especially true of local freight transport. Traditionally, because of government regulation, it was necessary to reload goods many times between vehicles—e.g., in-factory transport, railroad, and back to the vehicle again. This made the transit times for freight extremely long and unnecessarily increased the cost of transport.

In the future long-distance freight transport and bulk cargo transport will also be done by rail because of



attractive offers from the railroad and will, as has been the case, be taken over by inland shipping.

[Moericke] The transport union which we are striving for also requires a coordinated legal system. How far have deliberations on this progressed?

We are working closely with experts from the FRG Ministry of Transportation to reach agreement on the legal principles and the basic economic conditions. Since we must adjust to market-economy demands, the model for this is the FRG's legal system. We will examine it critically and derive from it regulations which are favorable for us. Since December a joint route commission has been at work on improving routes. It is not only aiming at introducing immediate measures, but also at preparing a route plan up to the year 2000 and beyond. All measures—those of the coordinated legal system, the basic economic conditions and the route plan—will result in our working toward a transport union between the GDR and the FRG even before we achieve German unification. The schedule of our plan of operation now provides for our having to introduce a single common transport law in all sectors once we achieve German unification and to bring together the administrative structures.

[Moericke] Mr. Minister, what is at the very top of the items on your desk?

[Gibtner] Some very weighty jobs are at hand for the immediate future; these must be put into effect before introducing the currency, economic, and social union. Some fundamental determinations must be made in the legal and economic sector, for example in the regulatory sector. This concerns provisions for a passenger transport law and a freight transport law which will match market-economy requirements. Thus, there is a three-stage program:

1. Measures which the transport system must get under way by July.
2. Measures which are necessary for the transport union.
3. Measures which have to be realized in the wake of unifying the two German states.

[Moericke] You have given us your plan, your thoughts about the future. But how will the new minister cope with the past, with the legacy of electrification and ties which have been eaten up, of superannuated bridges, and roads which are ruined?

[Gibtner] Fortunately, I am in a position to say that those responsible for handling transports are on top of their task. The schedule is in place regardless of whether the minister is a CDU [Christian Democratic Union] member now or belongs to another party. This means, we must express our heartfelt thanks to the railroad workers, drivers, and also to the workers in shipping and aviation for taking their duties seriously and for having almost effortlessly handled the traffic, mainly since the

days in October of last year, in spite of excessive strain. This contributed substantially to maintaining order and peace in the country.

For every country, for every kind of economy, transport is naturally a very decisive connecting link in the functioning of the economy and the well-being of the people. In this sense even the work of rebuilding the route system has moved forward. Electrification of important routes has likewise progressed. Of course, in the next two to three years in which our country will have to cope with bigger problems, the gigantic boom in transport investment will not even take place. First of all, we will need the means to crank up the economy overall. But we will rapidly continue the transportation construction measures which we have started and even coordinated with the FRG, we will create more favorable offers, particularly for excursion traffic with more comfortable cars and being on time more often. At the moment the economy is making somewhat more modest demands on freight transport. The routes are experiencing some relief. This benefits excursion travel. Basically, we believe that this development will continue and that a portion of freight transport will be shifted to the road. Thus, the railroad will be in a position to devote itself to improving commuter and long-distance excursion transport. It is to become a stable partner with travelers.

[Moericke] More transport onto the roads. Aren't we creating new problems for ourselves?

[Gibtner] The existing policy of shifting transports from the road to the railroad definitely had advantages, just think, for example, of the exhaust gases and environmental protection. But it also had its disadvantages. This policy was an obstacle to the smooth functioning of the economy. It has to be left up to the customer to seek out the most favorable transport means in order to be able to implement transport on the shortest route and with the lowest cost between destinations. By necessity this will result in increased strain on the roads with freight transports. But even individual passenger traffic will increase. We must adjust to this. The network of roads must first be put into order, roads which bypass villages must be built. Later—and that is the focus of the work of the routing commission—we will also end up having to expand the through highways, complete the super-highway network, but I do not see that as an immediate goal. In part we will leave that up to the Laender and municipalities. The railroad network, however, continues to be a central task for the state.

I am optimistic that the transport system of the future in the current territory of the GDR will, in a few years, be what we are dreaming of today. At present, experts estimate catch-up requirements to improve the transport infrastructure at M 200 billion. About M 80 billion of this are for the railroad. Those are naturally sums which we cannot come up with now and in the next two years.

[Moericke] You are an expert on the railroad system, but now as minister you have to survey a far larger sector

which ranges from shipping to aviation. The volume of traffic on the roads, rails, and in the air will show volatile increases in the GDR in the next few years. What is your ministry's thinking on this subject?

[Gibtner] A minister must naturally be able to solve overlapping tasks and depend on his staff employees in respect to details. In the brief time I have been in office I have naturally not been able to fathom all the problems extensively. But we are picking out a few catchwords: In shipping we intend to continue to expand the efficient ferry route between Mukran and Klaipeda. The Soviet Union would like to put a sixth ferry into operation. It is our intention to engage in negotiations with Western countries to use this transport route for their transports. In this the decisive issue will be efficient expansion of the railroad system and also the roads leading to Western countries.

Now, let's turn to aviation. Our country is in the heart of Europe. North-south and east-west transport routes meet here. This is surely even the place for a large European airport of the future. But that is also a project for the future. At present the issue is clearly careful planning, permit procedures, coordination with the people. For today, without the people, nothing goes any more. We are in favor of building such a large airport, but not too close to the overcrowded Berlin area. Then it will be possible to reach Berlin as well as Dresden, Halle, Leipzig in a reasonable length of time via modern high-speed rail routes and additional road connections.

[Moericke] Mr. Minister, in concluding our discussion, just another word about greater Berlin. From the perspective of the minister of transportation how will things continue to evolve at this crossing point of the Paris-Warsaw-Moscow line and the Scandinavia-south line?

[Gibtner] Less in my capacity as minister and more as a Berlin CDU politician I have assembled my ideas on transportation solutions for the future for Berlin. In the regional committee, experts from both parts of the city are discussing these questions which must fit into the overall design of the transport route plan. In my opinion—and here I have in mind local and regional transport—priority must go to rail-based transport. Once again completing and even expanding the intraurban electric railroad system is an indispensable prerequisite for a united Berlin. This also includes further expansion of the subway lines. Naturally we must not close our eyes to the fact that the majority of the people will not give up their own automobiles. Thus, solutions must be found for road traffic and stationary vehicles. In this I consider the principle of balance to be very important. There should be an incentive for car owners to shift to attractive public suburban transport which serves the area.

## HUNGARY

### Presumptive Finance Minister Count Istvan Bethlen Interviewed

#### Background, Qualifications

25000715B Budapest MAI NAP in Hungarian 5 Mar 90  
p 5

[Interview with Count Istvan Bethlen by Peter Kurucz; place and date not given: "Count Bethlen Returns; He Has Not Given Thought to Becoming a Minister"—first paragraph is MAI NAP introduction]

[Text] A descendant of real aristocrats, Istvan Bethlen settled in Hungary. Moreover, we may find his name in 14th place on the national slate of the Hungarian Democratic Forum [MDF]. We asked the grandson of the brother of former Prime Minister Count Istvan Bethlen to briefly summarize the story of his life.

[Bethlen] I was born in Kolozsvár [Cluj, Romania] in 1946. My father served as chairman of the Transylvania Alliance. He became a member of Parliament when Transylvania was annexed to Hungary. My family had to leave Transylvania in 1949. I was still regarded a class enemy here in Hungary; of course, I recognized this most at the time I took the admissions exam at the university. Although I received the highest grades, they did not recommend that I be admitted. I worked as a laborer for a while, but I was forced increasingly to realize that I had no room for action, that I had to leave the country. I did so in 1965, and enrolled in universities first in Innsbruck and later in Salzburg. I completed my studies in economics and in philosophy. Thereafter, consistent with the good Hungarian custom, I did a number of things all at the same time. I became an official in charge of economic policy at the Conservative Scientific Institute of Munich, and later they appointed me as the managing director. Even later I became the managing director of the Bavarian Economic Information Center, and until most recently I worked as the president of a large bank. I am editor in chief of the monthly periodical *EUROPA*, and I make presentations at universities in the United States. My specialty is the international economy, and within that international finance.

[Kurucz] Why did you decide to move to Hungary, and are you going to settle here permanently?

[Bethlen] During the past year and a half I have paid continuous attention to the evolving democratization process. I favored the MDF policies, and soon made a decision to support that movement with my knowledge. Moreover, last November I felt that the MDF policies had become uncertain, and that my time had come. I was in the United States when I learned that József Antall would be traveling to Munich. I instantly took a plane so that I could meet him. Although this meeting did not come about, I was ultimately able to meet with him in December. He accepted my offer and immediately introduced me to the MDF presidium. We agreed that I

would become the party's economic and foreign affairs counselor. For this reason I gave up all my work abroad so that I could settle in Hungary.

[Kurucz] I understand that you are also taking part in organizing the election campaign.

[Bethlen] Yes, I also have some experience in that regard. I served as economic adviser to Strauss during his campaigns.

[Kurucz] If the MDF were to form a government, would you accept a ministerial post, or perhaps some other office in the government?

[Bethlen] I have not given thought to that matter thus far.

[Kurucz] What specific plans did you arrive with, if this did not occur to you?

[Bethlen] My plans call for utilizing my theoretical knowledge in practice at last, so that later on I may become a partner in a plant or start my own business.

### **Economic Problems, Solutions Discussed**

25000715B Budapest HETI VILAGGAZDASAG in Hungarian 28 Apr 90 pp 21-22

[Interview with Count Istvan Bethlen by Gyorgyi Kocsis; place and date not given: "An MDF [Hungarian Democratic Forum] Economist Responds: 'How Little They Understand Democracy in This Neck of the Woods'"]—first paragraph is HETI VILAGGAZDASAG introduction]

[Text] "The Count will be here right away," we were told by the doorman posted in front of Istvan Bethlen's office at MDF [Hungarian Democratic Forum] headquarters. He said these words in the new tone of voice of new times. According to some rumors he is the finance minister designate. The 44-year-old economist of aristocratic descent lived in the FRG between 1965 and 1989, where he "authored several German and English language specialized books and studies," according to his brief autobiography. As far as his past career is concerned, he categorically declined to respond to questions of a personal nature, but he was willing to answer questions which probed a few urgent problems of the Hungarian economy. The fact that the MDF is forming a government renders certain "down-to-earth" questions, as compared to high-flung party programs, as appropriate.

[Kocsis] You must most certainly be aware that you are being mentioned as the MDF's choice for finance minister. Could you confirm this alarming rumor?

[Bethlen] This shows how little they understand democracy in this neck of the woods. Some responsible negotiations must take place with the coalition partners as to areas of agreement, and whether we are able to develop a joint government program at all. The second step

would be the distribution of ministerial posts, and only in the last step would persons be selected. Within the MDF not one word has been spoken thus far as to who should fill what position. This is because the party has very many first rate economists and financial professionals.

[Kocsis] Then let us be satisfied by saying that you also manifest yourself merely as an expert. Nevertheless, you may have a perception of the relationship between the government led by the MDF, and the 1990 crisis management program and the budget based on that program, all of which were developed by the previous cabinet in the dual grip of the opposition and the International Monetary Fund [IMF]. Will you accept these documents, or will you prepare new ones?

[Bethlen] In taking over a business, any businessman who is worth anything would make an accurate account of the money in the cash register, and of the funds missing. The new Hungarian Government must take a look at Hungary's economic situation. This is because, for example, the previous government corrected the figures concerning the volume of foreign indebtedness several times in the course of a single year. Accordingly, first we must learn what kinds of obligations the Hungarian state has to the West and to the East.

[Kocsis] What kinds of obligations do you have in mind that have been kept secret thus far?

[Bethlen] Everyone in the country knows that Hungary has some obligations vis-a-vis the Soviet Union, obligations the government has not publicized thus far.

[Kocsis] If everyone knows, including you, let us make this matter public at this time....

[Bethlen] Permit me not to go into details. In any event we must be certain about the truth of our hunches, because one cannot establish economic policy on the basis of hunches.

[Kocsis] One could nevertheless make a bet that if you indeed come to find secret documents, these will not reveal that the country's situation is better than was hoped. Thus one cannot escape the possibility of unpleasant actions that may have to be taken. One of the most urgent actions of this kind pertains to the effective management of inflation. What measures could we expect in the near future?

[Bethlen] For example, we must correct the mistake of controls over food prices being removed without the buying up monopolies being broken up. Quite naturally, to me, a person well versed in international financial matters, a price freeze means a red flag. And yet I supported Denes Csengey. On the occasion of the price increase early this year he recommended a price freeze, because it is obvious that if price controls are removed without breaking up monopolies the result will be inflation. As is known, the cornerstone of the MDF government policy is the establishment of a socially oriented

market economy; at the same time, however, a free market, free pricing, is an indispensable part of such an economy. Accordingly, one of the first tasks will be to break up the monopolies.

[Kocsis] How will you begin to do that? At the moment the opportunities for government intervention in enterprise organizations is limited, because enterprise councils have the authority to make all strategic decisions relative to the enterprises.

[Bethlen] Measures of far greater caliber had to be implemented when Ludwig Erhard introduced the German market economy in 1948.

[Kocsis] And based on what legal solution does Istvan Bethlen expect to accomplish this in Hungary, in 1990?

[Bethlen] Parliament will enact the appropriate laws which will permit the transformation of the socialist economy in the course of a few months.

[Kocsis] For example, will laws abolish the authority of enterprise councils and place enterprises directly under state management?

[Bethlen] It is not worth going through this at present; it will certainly involve a series of laws. I cannot make proposals on behalf of the future ministers. Nevertheless, one may say this much by all means: A socially oriented market economy is the cornerstone of the MDF economic policy.

[Kocsis] Whether the government likes it or not, it cannot deal exclusively with high-flung strategic concepts. After all, it also inherited some rather specific daily tasks from the previous government. To mention just two of these: the household energy price increase promised for the end of the heating season, and plugging up the hole created in the budget as a result of abolishing the mortgage interest tax. What are you going to do about these matters?

[Bethlen] The energy price issue is a rather poor example from the standpoint of the market economy, because energy prices are outside of the market sphere everywhere in the world. We must take as our starting point the fact that we must not continue to impoverish the 4 million people who are living below the minimum subsistence level. I do not know whether we will increase energy prices. I do not know this, because when we speak of prices, this term has nothing to do with the original meaning of that term in the market economy sense; all this term covers is figures agreed upon by people in various ministries while drinking schnapps. Accordingly, we must first examine our energy management, and it may turn out that if we change the enterprises and view their expenditures under a magnifying glass there may be no need to increase energy prices. As far as the tax on mortgage interest is concerned, that was obviously nonsense. Whoever thought of that did not look at textbooks concerning a market economy. Just how the resultant new deficit in the state household may be managed is a

different question, of course. But the appointed finance minister would be able to respond to this question if he did nothing for a few weeks except read through the entire budget day and night with his team. We are unfamiliar with the situation of individual enterprises, of individual branches, and of the state household. We must X-ray everything.

[Kocsis] Do you think, for example, that the Blue Ribbon Committee, which developed a 100-page action program for the new government and which made specific recommendations for the first one hundred days, drew its conclusions by feeling its way in the dark?

[Bethlen] The Blue Ribbon Committee is a group composed of outstanding economic theoreticians, and there are several programs that are similar to theirs. But we will not implement their recommendations before we obtain a clear picture of the economy. This will be a heroic task: We must deal all at once with next year's budget, we must embark on the road toward a free market economy, and meanwhile we must observe ways in which we can make more tolerable the bitter legacy with which we must coexist for a while. In addition, we must work quickly so as to reduce losses.

[Kocsis] Indeed, among the inherited tasks the channeling of privatization is a matter that should be accomplished quickly. In more specific terms: primarily the development of property policy principles. That is, we should resolve fundamental issues like this: Which sectors should become private property earlier or perhaps later, and in what sectors should there be a larger or smaller influx of foreign capital?

[Bethlen] Also in this respect the situation is similar to that of Germany in 1948. One cannot tell Western capital, 'here you may invest, there you may not.' We will open the borders, and we will be pleased with the influx of Western capital. The concern is much more that we want Western capital, and not the sparrow-hawk capital. It gives me pain when I think of the way national property has already been wasted thus far.

[Kocsis] According to certain calculations at present, about two percent of industrial fixed assets is owned by foreigners, i.e. even a potential loss in price could not be catastrophic. Incidentally, what prescription do you have: How can we escape from the sparrow-hawk capital, to repeat your graphic illustration?

[Bethlen] Very simply: One must not enter into business transactions like the ones the Hungarian state entered into during the past six months. Who has ever heard of selling Hungarian property on the Vienna stock exchange?! Why couldn't they have brought a few Western advisers here? They would have built up the Hungarian stock exchange, one that would have surpassed the Vienna stock exchange. If that had been done we would not have to sell Hungarian national property in the West at a time when Hungarians are throwing their savings out the window!

[Kocsis] Unfortunately, the five Hungarian enterprises whose stock was sold abroad did not succeed in being listed on the Vienna stock exchange. This is because they wanted to attract convertible foreign exchange, not forints. And with respect to the Budapest stock exchange established with the help of World Bank experts, the real problem is not that it does not exist, but that its volume is sparse. In any event, in a free market economy, could the government prevent Hungarian enterprises from issuing foreign stock, particularly if we open our gates wide to foreign capital, as you indicated?

[Bethlen] My point is, and will always be, that every Hungarian must be given an opportunity to become an owner, at present, in five years and even ten years hence.

[Kocsis] And how can this be accomplished?

[Bethlen] By not permitting the present, in part bad enterprise managers to accomplish privatization.

[Kocsis] Should this be understood to mean that an extensive change in leadership must be accomplished? If that is the case you would once again be in conflict with existing provisions. Pursuant to those provisions, leaders in two-thirds of the enterprises are appointed by enterprise councils.

[Bethlen] Once again we get back to the same place: Parliament must take a series of steps, among them one which provides an opportunity for the retention of good professionals and for getting rid of the bad ones. In this respect of course, truly, the criterion will not be whether a person has been a member of the Hungarian Socialist Workers Party [MSZMP].

[Kocsis] How can the "worth" of present Hungarian enterprise managers be assessed? Profits hardly serve as a good indicator for this purpose, because, as you said yourself, the pricing system is infinitely distorted.

[Bethlen] There is a proposal in this regard which deserves consideration. It is not an MDF proposal, it originated from the workers councils. All leadership posts in state owned enterprises, including foremen's positions, should be opened to a competitive application process.

[Kocsis] At all 5,000 enterprises?

[Bethlen] Just think of it: 1956 serves as the best example for this! At that time workers councils everywhere selected the best people to become part of enterprise management. People must not be underestimated; if a person happens to be a good manager he will be reelected anyway.

[Kocsis] Unfortunately, in 1956 there was not enough time for history to prove these changes in leadership. One knows with certainty, however, that the concept introduced by workers councils five years ago failed because workers gave preference to leaders who were first to promise the highest wages. Among the acute issues facing the government there is yet another one

which must be mentioned here. The Nemeth government was unable to cut the Gordian knot of the enterprise practice of "standing in line." It could not, because it did not dare to touch either the insolvent large enterprises at one end of the indebtedness chain, or the large banks which finance these enterprises at the other end of the chain. Will the new government do something about this?

[Bethlen] Before anything else the large banks must be privatized quickly so that they can become real banks. On the other hand, a large number of small lending organizations must be established along the pattern of Western people's banks, savings banks, from the grassroots up, organizing these through industrial bodies and farmers' circles. Together with all these, and along with significant tax benefits supporting investments, tens of thousands and hundreds of thousands of small and medium-sized enterprises must be established. Because the truly unavoidable liquidating processes should be started only at a pace in which these small and medium-sized enterprises are able to absorb the work force that becomes available.

[Kocsis] It is publicly known that you resettled in Hungary a few months ago. Do you feel that you have sufficient familiarity and personal experience? Do you sense the economic atmosphere?

[Bethlen] I have observed the Hungarian economic and financial system and its "reform" with keen attention. I wrote my latest English language publication about the Hungarian banking system. I believe that I know very much, nevertheless I still have to learn a lot about the Hungarian economy.

#### **Tracking Borrowed Dollars: Uncertainties Abound** *25000717A Budapest VILAG in Hungarian* *1 Feb 90 p 30*

[Interview with Lajos Bokros, Hungarian National Bank managing director, by Sz. P.; place and date not given: "Expensive Ruble: At Last We Find Out for What Purpose Part of the \$20 Billion Debt Was Spent"—first two paragraphs are VILAG introduction]

[Text] We have become aware of some data which appear to be stunning and which have not been publicized thus far. The underlying facts may exert a long-term influence on our trade with socialist countries and on our place within CEMA.

The ruble ban which created outrage among enterprises may be credited only to the modest, 1-billion-ruble surplus which has been publicized thus far. In contrast, Hungary has a more than 30-billion-ruble claim against socialist countries. Of this amount the Soviet Union alone owes 10 billion rubles. We asked a banker, Hungarian National Bank [MNB] Managing Director Lajos Bokros, about the authenticity of the stunning data.

[Bokros] These figures are approximately correct, although it is very difficult to assess the current value of the existing surplus with the various countries. The distorted pricing system rendered any evaluation unrealistic, or at least questionable. These claims cannot be accounted for in this simple way and in terms of amounts, because the bulk of the claims came about after the delivery of goods. Let us just think of the Jamburg investment in which Hungarian shipments to the site will appear as outstanding loans until such time that the Soviet party begins delivering gas, thus beginning to pay back the credit. The actual size of our claim will be revealed by the price of the gas delivered to Hungary—the future price of that gas. This also may be influenced significantly by various factors, of course, such as the terms regarding interest payments that accompany the loan. This is only one example. Each and every shipment of goods or investment represents a separate case, and thus their value depends on so many factors.

[Sz. P.] As long as the above amounts are even approximately correct, it would follow that a significant part of the Hungarian convertible currency indebtedness is none other than dead capital, a loan which we conveyed to socialist countries in the form of credits and investments!

[Bokros] That's precisely the case! At the time the government finally made a candid statement about the indebtedness last fall, we suddenly forgot about the fact that not only has the amount of our gross indebtedness increased, but the difference between the gross and net indebtedness has also increased. We also found out that our ability to collect on these claims is much smaller than we thought before.

We also have a significant amount of outstanding claims payable in dollars, because the large investments, such as the one in Orenburg or the already mentioned investment in Jamburg, were realized as a result of significant imports payable in dollars. In the latter case, for example, almost half of the Hungarian merchandise deliveries consisted of imports payable in dollars! Simply put: The Hungarian industry was unable to produce gas pipelines and compressor stations needed in Siberia.

[Sz. P.] Altogether then, what proportion of the \$20 billion Hungarian indebtedness represents Hungarian capital paid for investments?

[Bokros] This is also rather difficult to determine, but the amount which financed investments amounts to roughly one-third of the loans, or constitutes funds to cover budget deficits. These deficits were also incurred in order to subsidize exports payable in transferable rubles.

[Sz. P.] The idea of changing over to the settlement of accounts with Poland, the CSFR, and the Soviet Union in dollars has been brought up several times recently. This would lead to further complications, at least initially.

[Bokros] A rapid transition would create a large-scale, onetime loss on exchange rates, and that loss would appear in dollars. The reason for this may be found in the relative "hardness" of imported and exported goods. For example, we import from the Soviet Union raw materials which they could sell easily for convertible currency, while it is not certain that our computers or textile goods could compete, let's say, with low cost Far Eastern products.

[Sz. P.] Wouldn't the large Hungarian surplus provide a backing to balance the transition?

[Bokros] I don't think so. It would require separate negotiations to determine what part of the accumulated ruble surplus—and within that, how large a part of that surplus—may be used to compensate for exchange rate deterioration which occurs during the transition to dollar-based settlement.

## POLAND

### Trade With Israel: Types of Goods, Investment Possibilities Viewed

90EP0538A Warsaw ZYCIE GOSPODARCZE  
in Polish No 9, 4 Mar 90 p 4

[Interview with Reuven Sharon, trade adviser to the Israeli Embassy, by Anna Turska; place and date not given: "The Prospects Exist"]

[Text] [Turska] Do you know what should be done to repair the damage caused by the absence of official relations between our countries for more than 20 years?

[Sharon] The last two years have already brought some revival of trade. In 1988 Israel's exports to Poland amounted to US\$8.2 million and already last year they rose to nearly US\$24 million. A similar situation applies to imports from Poland. In 1988 we imported US\$11.5 million in goods from Poland and last year more than three times as much, US\$36.2 million.

[Turska] This sounds impressive, but our share in Israel's foreign trade is still extremely small.

[Sharon] Indeed, these are fractions of a percent. Our principal imports are from the EEC, and about 11 percent comes from other European countries. Our exports to that group of [the other, i.e., non-EEC] countries are even lower, about 5 percent. This is a consequence of the years of absence of diplomatic and trade relations. But the situation should improve. Several months ago we established diplomatic relations with Hungary, more recently with Czechoslovakia, and now also with Poland. Previously a Section for Protecting the Interests of Israel used to operate in Poland and I, as commercial attache of the Israeli Embassy in Budapest, also handled Polish affairs.

[Turska] What kind of goods have been traded with Poland up to now?

[Sharon] From Poland we purchased chemical raw materials, steel, and lumber. The Cegielski Plant in Poznan is building seven marine engines for Israel. This is a major order, worth US\$25 million.

There exist prospects for expanding the food trade. For example, there might be a demand in our country for fruits which we are not growing, such as cherries, both regular and Bing, as well as red and black currants and also raspberries, both natural and in processed form. The delegation headed by Minister Moshe Arens visiting Poland since 26 February includes Mordechai Krainer, the chairman of Supersol Ltd., a supermarket chain, who is very interested in purchasing Polish foods.

[Turska] And what kinds of goods are you exporting to Poland?

[Sharon] Chiefly chemicals such as artificial fertilizers and pesticides and also citrus-fruit concentrates, tractor tires, printing machinery, irrigation equipment, agricultural sprayers, cotton, and gold and silver jewelry (more than US\$1.5 million).

[Turska] Trade is trade but recently Israeli businessmen who want to invest in Poland have increasingly often been appearing in this country. And cooperation in manufacturing is of more interest to us than ordinary trade.

[Sharon] I think that both sides are equally interested in this. Polish-Israeli joint ventures already are operating in Poland. Dan Goldstein established the DGS company in Bydgoszcz. He operates a sawmill and uses the resulting lumber to produce building materials. He entered into a joint venture with a concrete reinforcements factory (also in Bydgoszcz) that was threatened by bankruptcy and he is importing some of the components from Israel and manufacturing high-grade products, also for export to the United States.

Then also Mr. Tal's company, Shibas, has recently started to manufacture safes in Lomza. And in Poznan the Pegroashel company is exporting flowers. These are only a few examples, and recently this cooperation has been growing vigorously. The delegation headed by Minister Arens includes several major entrepreneurs who are exploring the possibilities for cooperation and joint investments in Poland.

[Turska] In what fields would they want to invest?

[Sharon] In light industry, food processing, tourism, and many other fields. Shaul Eisenberg owns factories throughout the world, including 200 factories in China. Last February he already established his first textile joint venture, Vats, in Hungary. He is interested in textile and tanning firms. He likes to form partnerships with firms that near bankruptcy in order to upgrade them and expand their production. Dou Lautman, the chairman of an organization of industrialists in Israel, also owns Delta Galil factories which export US\$85 million of

knitwear and underwear to, among other places, the Marks and Spencer department store chain in England.

The visiting industrialists are accompanied by a banker, Bino Cadik, who advises on worthwhile investments, and a professor from Tel Aviv University, Elkanan Helpman, an ascendant star in economics, who would like to meet with leading Polish economists.

[Turska] They are major and serious businessmen and expect to be offered concrete proposals for cooperation.

[Sharon] The general director at the ministry, David Kimche, the second most important man at the ministry, will remain in Poland after the departure of Minister Arens in order to accompany the Israeli industrialists in their meetings with government representatives, banks, and the ministries interested in cooperation, and also with retailers and producers. A great deal depends on the course of this working visit.

[Turska] Are not you apprehensive that the Polish side might not meet these expectations?

[Sharon] I believe that the Ministers Kaczurba and Miedziarek shall keep their word and prepare good offers of cooperation and contact the Israeli businessmen with persons who know how to cope with the obstacles in which life in Poland as yet abounds.

[Turska] For this cooperation to be fairly smooth, major intergovernmental agreements are needed, but these are still absent.

[Sharon] Proposals for such agreements are already being presented and negotiated by both sides. A general trade agreement that also applies to the protection of investments and to taxes will soon be signed.

[Turska] I think that it is not without importance to the development of our relations that many Israelis are of Polish origin.

[Sharon] About 12 percent of Israel's population was born in Poland. Moreover, they have relatives and friends in Poland. This should facilitate mutual contacts. The language barrier also is thus lower. My own family also comes from Poland, which we had left when I was 12.

[Turska] Thank you for the conversation.

### **Outline of Criteria Needed for Viable Stock Market**

*90EP0543A Warsaw ZYCIE GOSPODARCZE  
in Polish No 11, 18 Mar 90 p 8*

[Article by Andrzej Sopocko: "Exchanges in Poland"]

[Text] The functions of an exchange in Polish reality are not different from those in a normal market economy; however, the order of priorities is different. In particular, these functions are to promote developing enterprise in the financial sphere by breaking the inflexible allocation

arrangement, ensuring a vigorous and smooth process of privatization, and developing a flexible policy of public debt in order to stabilize strong disruptions in the state budget (resulting from systemic changes).

The peculiarity of our situation makes using foreign models difficult whereas Polish models are virtually absent. Besides, the three above goals of the Polish securities market call for reconciling altogether contradictory features in the process of setting it up—high rates of growth on the one hand, and stabilization of the turnover in the securities market on the other hand. The only way out is to accept an arrangement under which institutions subjected to stabilization measures should be placed in an environment of controlled equilibrium with dynamic institutions. This gives the government an opportunity to flexibly accelerate or restrict spontaneous processes in the securities market. In Poland, this market should be characterized even at the stage of its inception by a relative equilibrium of the bank sector and private enterprise in circulation and in investment.

#### Local Exchanges First

In Poland, the system of exchanges is beginning to emerge in an environment which is to a degree similar to the primary accumulation of capital in the 19th century. This similarity is only partial because at issue is not accumulation in the economy at large, but its acceleration in the sector of private industry which is underdeveloped in our country. In this sphere, the attraction of savings should occur, as well as some concentration of the now small capital of the private sector.

At first, this process is going to develop locally. Due to this, a system of small exchanges which are the embryo of a new wave of economic development should develop in Poland at the initial stage. Concern for invigorating local markets should be expressed in setting up such exchanges, despite the fact that local securities are not going to prevail in the turnover due to the treasury emission and privatization. Even if other considerations favored the concentration of exchange transactions (for example, a single exchange in Warsaw), the proponents of such an arrangement would run into tiresome clashes with the interest groups which are already organizing exchanges spontaneously.

The fact that trade in securities is to proceed in Poland in several places simultaneously should have certain organizational consequences. It is not good when the price of one security ranges widely in different locations because this facilitates fluctuations in the market. In order to prevent this, the following should be done:

- A system of current, instant [exchange of] information on the quotations of securities of national significance among the exchanges should be created.
- Brokerage companies operating at several exchanges simultaneously thus bringing about the leveling of prices should be supported.

Existing banks which have offices in various centers of the country will find it easiest to meet these conditions. However, reliable communications are the foundation of efficiency of such a system. Tragic as the condition of Polish telecommunications is, the exchanges should be ensured an opportunity to lease old telephone lines. Despite appearances, this will not paralyze the rest of the economy; after all, exchanges do not operate a full day (in the FRG—2.5 hours). Besides, in countries in which the financial market is not advanced they began their activities from sessions once a week or once every two weeks (Jamaica).

#### A Company of Brokers

The organization of an exchange should conform to international models at least in the general outline. Perhaps, better arrangements—that is, better adapted to our conditions—may be conceived. However, the risk of such innovations is great.

In general, as a legal entity, an exchange is a special company of dealers (brokers) within the framework of which capital transactions occur. There are a few exceptions to this rule (for example, in Italy brokers are state officials); however, not a single one of them has proven worthy of emulation.

A special nature of the exchange has caused the emergence of separate legislation. This, however, has not erased the principle of self-government inherent in a company. The exchange sets forth its statute and determines the mode of its operation itself. Therefore, the legal system of capital turnover in general represents a combination of regulatory acts of a national, state, level and internal statutes of the exchange. The latter are important because they reflect the practical experience of combating speculation and market instability, as well as fair commercial practices.

The company is headed by the board of trustees which consists of representatives elected by the brokers and persons appointed by the minister of finance. At least two groups are subordinated to the board of trustees:

- A group supervising the introduction of securities into circulation at a given exchange (initially, this could be a single person in a part-time position).
- A group monitoring transactions from the point of view of compliance with the law and commercial ethics.

Trading in the securities of companies which meet stringent requirements as to the stability of their position, the honesty of reporting on their performance, and large-scale emission of shares or bonds diffused among many owners are the foundation for the operations of all exchanges. In our case, these are going to be treasury bonds, bonds of large enterprises, and in the near future—the shares of privatized economic units and public debt.



This basic market of the exchange has different names which may be translated as the official market, the formal market, the certified market, and so on. The certification by the exchange (as an institution) of the quality of a given security (propriety of its form, compliance of its issuance with the law, a clear situation from the standpoint of ownership, and so on) is the essence of such a market.

On top of this, the exchanges usually allow trade in other securities dealing in which, however, is the sole responsibility of the broker. This is usually the margin of trade in securities. Most frequently, members of the exchange with special tasks, such as, for example, "market makers," have no right to deal in unendorsed securities.

The division into a market of shares and a market of securities with a fixed rate of interest (bonds, debts) is another criterion the application of which is expressed physically. This is prompted by the differing dynamics of the quotations of the two kinds of securities and the inadvisability of their mutual interaction. In particular, the state is interested in stabilizing the quotations of treasury bonds which have to be securities in which the degree of confidence is the greatest.

The above four categories of markets and the two categories of brokers to be mentioned below should also be made distinct in Poland which calls for the introduction of an appropriate licensing system. Provisions regulating this sphere should be of a relatively low order (at the most, decrees of the minister of finance or internal bylaws of the exchange endorsed by him). The objective is to avoid rigidity in the capital market from the very beginning.

A special category of brokers, "the market makers," who have a duty to be prepared to buy and sell at the same time, play a key role as far as the continuity of trade in the market is concerned. In practice, this calls for the duty to offer continuously a buying price and a selling price; in the process, the two should be as close together as possible. (An excessively large spread is treated as speculation and may result in one's expulsion from the exchange). The duty to increase (lower) prices smoothly is an important restriction which also affects other members of the exchange. Therefore, every offer may be different from the previous one (for example, in France) by 2 to 3 percent at the most.

Due to the institution of "market makers," there is no forced idle time in the circulation of securities. This also reduces the fluctuation of exchange rates to some degree.

Polish exchanges cannot do without "market makers" either. These should be people enjoying the greatest trust. In the FRG, "market makers" are appointed by the boards of trustees of the exchange in the number which is considered optimal for the operation of the exchange. In turn, anybody who has certain professional and moral qualifications may become a person trading exclusively on someone else's orders (broker).

In the initial period, primarily private individuals will be investors, which is not favorable from the point of view of the capital market. Existing banks should be drawn into this process as soon as possible through helping them train portfolio specialists. Hopefully, investment companies will appear soon, including so-called mutual funds which pool the savings of small owners. In the initial period, their operations will require a permit. The objective is primarily for them not to compromise the emerging securities market due to the lack of necessary skills and capital reserves, and so on.

Under our conditions, it is necessary to maintain the old exchange principle in keeping with which investors (i.e., owners selling shares and bonds and the people who want to become their owners) have no access to the exchange floor. The middleman (broker) acts as a buffer of sorts which hampers speculation. After all, the broker acts in keeping with the previously made order which is valid for at least one day. In this manner, the speed of investor response is restricted and, therefore, the fluctuations of rates are weakened. They are beginning to abandon this principle at present, but this involves highly developed securities markets.

It is also worthwhile to consider a system which sets a uniform rate of the day (which is practiced in, for example, the FRG and France) which is very significant for small holders because it increases their confidence in the system of investing savings in securities. However, this can only be ensured in a specific exchange. In the case of brokers operating in many exchanges, this produces an average result of purchasing (selling) the same security which varies from one of them to another.

#### A Law Is Necessary

It also appears necessary to restrict the form of orders to so-called regular orders ("ordinary order"), as is done in the exchanges of the European continent. This means an order to buy (sell) at the rate of the coming day. Orders of the type "buy if the shares fall to..." or "sell until the price exceeds..." destabilize the market. Accepting such orders is forbidden, except at the large exchanges of the world.

The extent of legal regulation should differ in the case of issuance and trade. Provisions for issuance should determine the form of a security, the possible volume of issue, the nature of responsibilities of the issuer, the process of collecting funds due by virtue of owning a security, and the necessary extent of published information. In turn, the law should set forth only general guidelines for trading, transferring considerable oversight responsibilities to the Ministry of Finance. The objective is to configure the legal framework in keeping with the developing capital market; meanwhile, the procedure of amending the law is too slow. The supervision by the Ministry of Finance should be reduced to endorsing the charter and the principles of operation of the exchange in keeping with the law.

This law should set forth:

- The role of the Ministry of Finance and procedures for appealing its decisions.
- The duty of the broker to act for the client (making it impossible for him to obtain speculative proceeds at the expense of the client).
- The duty of the exchanges to ensure the continuity of securities trading.
- The duty to release to the public information on the company whose securities are traded and a ban on circulating false information.
- The requirement that persons dealing in securities have corresponding resources of liquid capital and appropriate professional and moral qualifications.
- Forbidden transactions, such as inside trading (the purchase of shares of the parent company by a subsidiary), performing artificial trades between partners acting in concert (for example, in order to raise prices), and dealing in borrowed securities.
- The duty to report to the antimonopoly organ the possession of large packages of shares (for example, more than 5 percent) of large firms (ranked either in terms of the size of assets or that of the labor force) with a view to controlling the degree of concentration in the economy.

It is necessary to develop such a law because we cannot restrict ourselves to prewar legislation on the capital market, all the more so because it dates back to before the great crisis following which dealing in securities was subjected to greater rigors in all countries (the law was adopted in 1924).

Along with other elements, the nature and rate of privatization are also conditioned on the requirements of the capital market. If a rapid rate is assumed, the initial market price of shares should be set well below the nominal value. This should be done early, still in the so-called primary market. Otherwise, the quotations of shares traded in the so-called secondary market will decline causing the initial owners considerable losses. This would influence the development of the capital market disastrously.

Also, with a view to preventing dislocations in the market price of shares, the dividend levels should be guaranteed for the shares of privatized enterprises by introducing an opportunity for the management cadres to own shares of the enterprise or so-called share options. The opportunity for indirect influence by the enterprise management in increasing the price of these shares (by good management) should be an instrument of providing incentives for it. This also protects small shareholders from the excessive investment of company profits in its development at the expense of the dividend. If small, dispersed shareholders are the only group interested in

the dividend, it will soon drop to zero with disastrous consequences for the entire capital market.

Foreign companies should not have a right to purchase shares on equally advantageous terms with Polish citizens and companies which have their central offices in Poland (at a fraction of the nominal cost). If both types of purchasers were to be treated the same, the Polish economy would be sold abroad at a very low price. Under the circumstances, the prices of shares put on sale in the primary market for foreign entities should be many times higher than the prices for domestic entities. The largest size of a package of shares of a privatized Polish enterprise which may be purchased by a company whose central office is abroad should be determined on a case-by-case basis by the decisionmaking body of the fund of national assets. In some cases, even a majority share held by a foreign company will not pose any danger.

The creation of the exchanges and their operation call for reconciling the need for official regulation with the extent of self-management which is necessary in order to make the capital market dynamic. It is necessary to avoid at any price giving the impression that the mode of operation and organization of the exchange are the creation of solely the officials from Swietokrzyska Street.

Future employees of the exchanges should play a considerable role in setting them up and monitoring future operations. It appears necessary to appoint an exchange commission including bank dealers, activists of the newly formed commodity exchanges, and experts from the Ministry of Finance. Its task would be to organize exchanges and propose corresponding arrangements regulating dealing in securities in specific exchanges and throughout the country. Subsequently, this commission should transform itself into an organ monitoring the securities market.

In the initial period, the members of this commission should be appointed; subsequently, representatives of exchange brokers belonging to a pertinent organization (such as the National Association of Securities Dealers, *Compagnie des Agents de Change*, *Vereeniging voor de Effectenhandel*, and so on) should prevail in its composition.

#### **Developments, Prospects of Stock Market Viewed** *90EP0535A Warsaw ZYCIE GOSPODARCZE in* *Polish No 14, 8 Apr 90 p 3*

[Interview with Dr. Janusz Bilski, president, Lodz Exchange Company, Incorporated, by Zbigniew Grzegorzewski; place and date not given: "Exchanges Polish Style"]

[Text] [Grzegorzewski] The Lodz Exchange was the first one to be formed. By now, as many as 20 of them are in operation. All of them have accumulated observations concerning the anomalies which are so characteristic of our economy. The operation of exchanges as structures typical of a market economy is still only a dream.

[Bilski] Indeed, despite the fact that there are many of them, and some have been in operation for several months now, I have only seen two sessions which had something of a real exchange in them. Both experiences involved what was going on in Lodz at the end of last year when we still dealt in currency. At the time, a real exchange game was under way: Growing demand caused the rate of the dollar to go up, which triggered greater supply. This brought about a drop in the rate, and changes occurred within several dozen minutes. Hundreds of thousands of zlotys could be made by playing the exchange.

With these exceptions, the rest of the sessions were merely a substitute of the exchange. During the first weeks of existence of "The Lodz Exchange," we squeezed merchandise (from cement to slaughter hogs) from the producers almost forcibly, whereas the buyers snapped it all up. This was simply an auction at which customers tried to top each other's price offers. This arrangement changed fast to the diametrically opposed one in the meat market. Subsequently, producers were ready to sell everything but there were no takers. We currently have on offer 75 percent of domestic output of cast-iron radiators! We could sell the entire output of the light industry of Lodz if we only had customers!

[Grzegorzewski] These are the symptoms of a recession, and nobody knows how deep it is going to be.

[Bilski] Indeed.

[Grzegorzewski] In the new situation, the exchanges remain what they have been... auctions.

[Bilski] They are bidding sessions, auctions, and forms of trade brokerage—anything but genuine exchanges. After all, what else can an exchange be if it is set up by one producer in order to sell his products at better prices?

[Grzegorzewski] Despite this, there was apparently no dearth of those wishing to start exchanges?

[Bilski] Indeed, though a dual approach has prevailed thus far. Some of the exchanges appeared as "a casing" for the producer who set them up and contributed funds to setting them up. These creations were shaken when the market of the producer collapsed. The other method was based on creating a commodity exchange without retail transactions, without sales "one piece at a time," built into a worldwide system of communications and operating with the participation of independent brokers.

[Grzegorzewski] Some exchanges wanted to hire brokers and keep them on the staff.

[Bilski] These were senseless attempts. At our exchange, every broker is an independent economic entity and has his own office; access to the exchange is gained by paying membership dues.

[Grzegorzewski] Brokers are at work; meanwhile, business is transacted in the hallway because the buyers and the sellers have access to the exchange.

[Bilski] Of course, this is a mistake, but... an intentional one. An exchange cannot function properly without efficient telecommunications. Meanwhile, you know what the condition of communications in our country is. I confirm your observation, but let us remember that genuine exchanges cannot be created within several months; they are always going to be a reflection of the economy.

[Grzegorzewski] Life itself will eliminate many exchanges, and those surviving will have to specialize.

[Bilski] It is a fact that exchanges have suddenly become fashionable throughout Poland; some cities have two or even three exchanges. However, perhaps, only the Silesian Exchange deserves high praise along with the Lodz Exchange. The just formed Bydgoszcz Exchange is also interesting. However, I view most of them as ephemeral. Certainly, in the future some will merge and some will fall. Meat or construction-materials exchanges will exist locally; other types of operations will be absorbed by supraregional exchanges. At present, the stake in the game is survival; this is why they trade in virtually everything from soap to jam. Please, keep in mind that we do not have a law on exchanges. A prewar decree of the president of the Republic of Poland cannot be deemed adequate.

[Grzegorzewski] In this struggle for survival, a majority of exchanges are sizing up securities. However, there are, perhaps, too many illusions concerning this. Minister Lis believes that giving such rights to all exchanges will entail more dangers than benefits.

[Bilski] Such "universalism" may bring about compromising securities as a form of investment even before we get used to their existence.

[Grzegorzewski] The organizers of exchanges should also be aware that throughout the world banks deal in securities. Exchanges are merely complementary.

[Bilski] Genuine banks and an interbank market are necessary. Both are lacking, and trade in securities needs to be formalized all the more. It is good that they plan to begin with brokerage companies licensed by the Ministry of Finance, and that the existence of a central commission for authorizing securities is envisaged. Exchanges will become needed in this setup not only due to the absence of genuine banks. It is always easier and faster to cash shares and bonds through an exchange; besides, promissory notes will also appear.

[Grzegorzewski] What are other opportunities for the exchanges to survive?

[Bilski] The current attempt at intervening in the farm-goods market was poorly prepared. Budgetary funds were transferred to large enterprises of the meat-packing industry in an environment in which many monopolies have been destroyed but the meat monopoly is exactly the one going strong. The enterprises, instead of using the government funds to purchase produce from

farmers, allocated them for buying things which piled up in their warehouses. In addition to this, the minister paid them for storage, and the monopolists saved money on loans.

We have been seeking for a long time an intervening purchase of slaughter cattle through the Lodz Exchange. We already know that the Ministry of Domestic Market is going to buy from us, treating the offer of the exchange selectively. Obviously, we will also have to play our own game. To this end, we need warehouses, and in the case of meat—refrigerated storage facilities (preparations are under way).

[Grzegorzewski] Have you tried other tactics?

[Bilski] Given the lack of demand in the domestic market, producers are seeking export opportunities, and this can be done through the exchange.

[Grzegorzewski] You have made such an attempt, though unsuccessfully, by creating the first international wool exchange in our country.

[Bilski] Quite recently, the enterprises screamed: Let the government make the dollar exchange rate realistic, and we will boost exports. It was done so. However, the wind went out of the sails of enterprises because export preferences were canceled. It can be seen that domestic products are not competitive. When we offered our domestic wool at the exchange the representative of a French company offered his product, of a better quality, 10 percent cheaper.

However, I count on our domestic producers purchasing foreign raw materials through the exchange and no longer wishing to trade through, say, the Textilimpex organization. The time of large, one-time transactions which filled warehouses with raw materials for an entire year of production is gone. The enterprises have to turn money around faster; they will not want to extend credit to foreign trade organizations by entrusting them with money for purchasing goods several months later. This has not happened yet. After all, the enterprises have been using their reserves of raw materials and have had no funds to purchase a fresh supply.

[Grzegorzewski] What next?

[Bilski] We are trying to organize exchange sessions for the private hard-currency market; after all, there are more than 2,000 exchange offices in existence, and there is a need to sell one currency and acquire another. The offices could trade with each other through us. We have submitted a proposal to the NBP [National Bank of Poland] chairman, and he liked the idea because the state would be able to influence the free-market rate. If we bet on a market economy the rule that the NBP sets currency exchange rates cannot be maintained. In the future, they will have to be the result of interaction in the market. However, interest in even minor changes in the mutual rates of exchange of foreign currencies needs to develop in order for the implementation of this concept

to make the exchange successful. In our country, they only respond to fluctuations exceeding 10 percent.

[Grzegorzewski] What is your prediction for the coming weeks?

[Bilski] The exchanges are in a difficult situation. Some of them have suspended operations. Even our exchange has been operating at a profit which is many times smaller, even negligible. As I have said, a struggle for survival is under way in which only a few will come out on top. However, new exchanges will be formed instead of them. I believe that the Lodz Exchange will survive successfully.

[Grzegorzewski] Thank you for the interview.

### Drop in Production of Foodstuffs Noted

90EP0537A Warsaw ZYCIE GOSPODARCZE  
in Polish No 14, 8 Apr 90 pp 1, 6

[Article by A.T., one of several articles by different authors under the rubric "The Food Processing Industry": "In the Pit"]

[Excerpt] Compared to other industries, food processing is in the worst situation. In February, the sales of its products declined by 42.1 percent compared to last year. This was due to sharp price increases which brought down demand even for staples. This, in turn, entailed a drop in production, though not in all branches. For example, more butter was still produced in February than in February of last year (12.6 percent more). Given difficulties with sales in the domestic market, export becomes the only way out in this instance.

Production dropped considerably in the oils industry. The output of table vegetable oils amounted to 42.4 percent of that a year ago. Demand for these products declined, and it is not surprising because fine grades of margarine for spreading on bread are not much cheaper than butter; rapeseed oil, though much cheaper than imported sunflower and soybean oil, is of lower quality and is commonly believed to be harmful (though this is not true if the oil is made from rape not containing erucic acid). A drop in production in this sector is not caused only by a drop in output but also to a great degree by considerable restrictions on production due to repairs and modernization of the equipment pool performed early in the year. Enterprises in Bodaczow and Kruszwica are completing repairs currently; the replacement of equipment in Warsaw will end in mid-April. Production will proceed full tilt, and difficulties with sales will grow manifold, though representatives of the "Olmar" Company, to which enterprises of the fats industry belong, note a slow increase in demand in many areas of our country.

In the fruit and vegetable-processing industry, a drop in production is being acutely felt by enterprises. Almost half of vinegar-manufacturing capacity is not producing—trade would not buy it because it does not want to

shoulder the burden of reserves, and the tanks at enterprises are full. Eighty percent of the generators have been extinguished; starting them up will take about three months. If trade is not going to make any purchases it is as certain as can be that in the third quarter, when demand for vinegar is the highest, it will be unavailable in the shops, and for technological reasons it will be impossible to start up production within days or even weeks.

Fruit and vegetable-processing enterprises should start buying containers for the coming season as early as winter. Those who stocked up on cans and jars before the end of the year were rewarded for their foresight by the January interest rates. How much will have to be added in June to a can of peas?

High interest rates on loans are a heavy blow to seasonal industries which purchase raw materials over a short segment of the year and have to store and process them during the remaining months. They do not produce staples such as milk, bread, and meat; therefore, they have to reduce output, send their work forces on compulsory leave, and endure.

For the producers of sweets, the beginning of the new year also brought the foretaste of a disaster. As a rule, between the two holidays, demand for sweets has been lower, but never as markedly as it is now. It is gratifying that since mid-March demand has begun to grow again. Except for "Wawel" in Krakow, all enterprises of the confectioneries industry registered stoppages. Trade enterprises were selling merchandise from their warehouses; they did not want new deliveries in order not to overstock. Attempts are being made to increase exports, but this requires time. To be sure, there could be a market in the Soviet Union, but due to the low rate of the ruble this direction of exports is unprofitable. The best time, when the clients snapped up all sweets, is gone, and gone for good. It is necessary to start competing for customers through quality. There are sizable private imports of sweets. They are not at all better than our domestic ones, but they are beautifully packaged, and this is what needs to be done in order to beat the competition. The cost of packaging in the price of Western sweets comes to even 40 percent, and in our country it is about 10 to 11 percent.

I am not going to dwell on the commonly known problems of the alcohol industry. The year also began by a considerable recession for beer producers. At the beginning of the year, beer became much more expensive, and trade took very little of it though demand did not drop all that much; it is just that beer was not available at the stores. In February, it was better, but sales were about 20 percent off compared to last year. In March, the situation returned to normal. Sales are good, the arrears of trade owed to breweries are being eliminated little by little. Of course, they were also hard hit by high interest rates, especially the Lublin enterprise which purchases most of the domestic output of hops. Between the harvest and the end of the procurement campaign (end of January), prices for hop cones increased from 8 to 20 million zlotys per ton. This necessitated taking out large loans, especially at the final stage of procurement.

The demand barrier made its presence felt acutely in two of the most significant branches of the food industry—the dairy and meat-packing industries. The dairy industry is threatened with the spring and summer milk flood which will cause even greater dislocations. Emergency purchases of butter and powdered milk and the spending of greater amounts in budget money for subsidies or social benefits for specific groups cannot be avoided for very long if the people are to have an opportunity to obtain more or less proper nourishment.

The prices of meat and pork-butcher's products are beginning to climb again after a short period of stabilization and even certain reductions. Their availability in the shops has deteriorated. The farmers are waiting for higher procurement prices. They know that before the holidays industry will be in a no-choice situation and will have to pay better money. In just several more days, procurement agents of the meat-packing industry will go caroling from one farmstead to another to encourage the peasants to sell instead of shooing them away from procurement centers and putting them on a waiting list for the delivery of slaughter cattle a month in advance. In any event, the future is not going to be bright. The drop in animal husbandry output will soon be felt on the store shelves and in the level of prices.

Every branch of the foodstuffs industry has its own, specific problems. All of them have two problems in common—a drop in demand which necessitates limiting production and high rates of interest on the stocks of necessary raw materials which were accumulated in the summer and fall. [passage omitted]

## POLAND

### Belorussian Minority: History Behind Estrangement From Solidarity

90EP0544A Warsaw TYGODNIK SOLIDARNOSC  
in Polish No 18, 4 May 90 p 8

[Article by Jerzy Roch: "Rise From the Deathbed!"]

[Text] In Poland live a million people belonging to 16 national minorities. Our brothers, the Belorussians are the largest of these minorities, next to Ukrainians.

Ethnic Belorussians can be encountered in Poland solely in the environs of Bialowieza and Narewka. Elsewhere they are a product of the national melting pot with typical features of the culture of the Belorussian-Polish-Ukrainian-Russian borderlands. The borderland people often feel themselves to be more the locals, the natives, than Belorussians. But they are Belorussians.

Sergiusz Niczyporok, an Orthodox theologian and a farmer, the founder of the only Belorussian Farmers' Solidarity, comes from the village of Zaleszany. During the war Belorussian communists deported Poles into the Russian interior from a neighboring village. In 1946 the Polish [partisan] Bury Detachment retaliated by burning Zaleszany to the ground. Niczyporuk lost two brothers.

"A Belorussian writer, a former Polish security service officer, once asked me," Niczyporuk confessed, "why was I establishing Solidarity, a trade union of Poles who had once slaughtered my family? Others commented, 'It is good that you are organizing Belorussians, but why do you call it Solidarity?' I would answer, 'I'm doing it precisely because I saw how people were killed. And I know that it is not the Poles that are responsible for the deaths of my brothers but ignorant Belorussians who would kill in order to gain power, and ignorant Poles who would settle accounts by means of arson. I founded Solidarity in order to bring about a reconciliation. Solidarity is an opportunity for all the nationalities living in Poland. We have been living together on this land for a millennium. There is enough land for everyone.'"

### Overcome Fear and Passivity

The members of the Gmina [Rural Township] People's Council in Dubicze Cerkiewne are passive and obedient tools of Gmina Chief Anatol Pawlowski. It had seemed that among them Niczyporuk would always be a lone wolf. But he did find an ally.

Jerzy Nesteruk is a history teacher at the local school. Prior to the 1988 elections the Bialystok party bosses offered to him the chairmanship of the Gmina People's Council in Dubicze. They wanted to create the appearances that a nonparty Belorussian intellectual could occupy a leading post. They had expected to rapidly

entangle him in nomenklatura spiderwebs and manipulate him. They miscalculated. Nesteruk joined Niczyporuk and both want to prove that Belorussians can guide their own destinies.

"Russia's children" and "Children of communism" are just some of the epithets by which Poles refer to Belorussians. Whence the prejudice, illwill, and even enmity toward that nationality? The reason is that Belorussians speak a different language, profess a different religion, and, as many Poles believe, have always been the social base of the Bialystok "people's power," a kind of an advance guard of [the Soviet] "Big Brother."

### Speaking One's Own Language

In their everyday life Belorussians employ a mixture of languages: Belorussian, Ukrainian, and Russian. Parents do not want their children to learn the Belorussian literary language, because it is unsuitable for everyday life, being markedly different from "everyday" language.

In cities Belorussians are reluctant to speak their own language, and they deny it, even where they are in the majority.

In some offices the staff speaks Polish and Belorussian. But many Belorussians prefer to speak Polish there so as to avoid any problems.

This complex is present in not only simple Belorussians. At the Dubicze church the Orthodox priest celebrates the liturgy in Old Church Slavonic language, preaches sermons in Russian, and warns the believers against marrying Catholics... in Polish. At home he also prefers to speak Polish with his children.

### An Orthodox Believer Does Not Have To Be a Russian

The Orthodox Church in Poland is the church of Belorussians and some Ukrainians. In contrast to the Catholic Church, the Orthodox Church has always been obedient toward the authorities, regardless of who these authorities are.

The authority of a Belorussian priest is lower than that of a Catholic one, but to Belorussians he remains the sole authority and, although the Orthodox "batiushka" (not "pop," that being a rather contemptuous designation) still adheres to the might of this world, the Orthodox Church still exercises a tremendous influence on the stances and conduct of its faithful.

The postwar conflicts between Catholics and the Orthodox began when Catholics appropriated 200 Orthodox churches in the Chelm region. In Bialystok Voivodship no such excesses took place.

But to this day Poles cherish the following stereotype: if a person is Orthodox, he must obviously be from Russia, and if he is from Russia, he is obviously a tsarist agent (in times past) or a Bolshevik agent (nowadays).

### Peasants and Landlords

In the interwar period the nationality division between Belorussians and Poles dovetailed with the class division between Belorussian peasants and Polish landlords. Thus Belorussian peasants were a tempting target for the propaganda of the Communist Party of Western Belorussia. But it was only after the Soviet invasion of Poland that Belorussian communists began to play a major role by becoming the executors of Moscow's orders on this territory. "The Communist Party of Western Belorussia was a traitor to our nation," declared Niczyporuk.

Compared with the interwar Poland and the Soviet system, the Polish People's Republic proved to be nearly a dream country to many Belorussians. The new government made their social advancement and relative prosperity possible. But it was only the "progressive elements" that could further their careers, most often in the army, the militia, and the Security Service, because there promotions were most rapid and easiest. At the same time, the ordinary Belorussians, held in reins by their elect ones, passively vegetated in their Bialystok villages, content with the ability to pray in church.

### The Solidarity Threat

Why did Belorussians react inimically and even hostilely to the rise of Solidarity and sighed with relief in their villages when martial law was imposed?

First, because they remain strongly influenced by the Orthodox Church. Solidarity opposed Communist rule, while the Orthodox Church has always been loyal to that rule. Moreover, Orthodox bishops regarded Solidarity as a child of the Catholic Church, which they associated with religious proselytism.

Many Belorussians reason as follows: If we get close to the Catholic Solidarity, we shall pray together with Catholics and thus turn toward the pope and Rome. But what if the boundaries change and ours will become a Russian territory? What will we then tell the Moscow Patriarch?

Second, any Polish national ferment makes Belorussians apprehensive that Poles might again begin to settle accounts with the minorities. That was how Belorussian

had reacted to the pilgrimage of the Polish pope [to Poland] and during the 16 months of Solidarity [1980-81].

Third, late in 1981 and early in 1982 Belorussians gave credence to Communist propaganda claiming that Solidarity was readying the gallows for Belorussians. Since many Poles believed the martial-law propaganda, how could Belorussians have known that this was a provocation?

### The Eastern Wall as a Wailing Wall

But who else can enlighten the Belorussian minority than the Belorussian intelligentsia, always limited in numbers and relatively passive, which has, in search of a better life, moved to the cities where it is becoming Polonized and stressing its privacy? The generation of university students of the 1980's is only beginning to develop into a new intelligentsia.

As a result the Belorussian countryside is dying. It lags behind not only central and western Poland also the western part of Bialystok Voivodship. Thus while in the years 1976-87 6.5 percent of all arable land in Poland was taken over by the State Land Fund [owing to farm bankruptcies], and the rural population declined by 3.6 percent, in 11 gminas of the eastern part of Bialystok Voivodship, i.e., the part inhabited by large Belorussian and Ukrainian minorities, these indicators reached 30 percent.

Niczyporuk said, "We shall never reach the farming level of central Poland, let alone that of western Poland, because the local soils here are infertile. We must convert to a forestry economy."

Niczyporuk broke Las's [a forestry enterprise's] monopoly on procurements of wickerwork. He has founded a hog slaughtering plant and is already thinking of cattle slaughtering plant. In Hajnowka he intends to break the monopoly of Społem [Cooperative Union] by founding, together with the local Solidarity, a butcher's store. We want to prove to his compatriots that the Belorussian is not doomed to passivity, that he does not have to snooze all day long on the top of his tile oven.

Some Belorussians claim that they are a people which will find it very difficult to "rise from its deathbed." In Dubicze Sergiusz Niczyporuk and Jerzy Nesteruk are trying to give the lie to these pessimistic visions.

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68

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